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United Nations

Financial report and audited financial statements

for the biennium ended 31 December 2011

and

Report of the Board of Auditors

Volume I
United Nations

General Assembly
Official Records
Sixty-seventh Session
Supplement No. 5

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Volume I
United Nations

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

BINUB	United Nations Integrated Office in Burundi
BINUCA	United Nations Integrated Peacebuilding Office in the Central African Republic
BNUB	United Nations Office in Burundi
BONUCA	United Nations Peacebuilding Support Office in the Central African Republic
CEB	United Nations System Chief Executives Board for Coordination
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
ICJ	International Court of Justice
ICSC	International Civil Service Commission
IMIS	Integrated Management Information System
INSTRAW	International Research and Training Institute for the Advancement of Women
IPSAS	International Public Sector Accounting Standards
ITC	International Trade Centre UNCTAD/WTO
MINURCAT	United Nations Mission in the Central African Republic and Chad
MINUSTAH	United Nations Stabilization Mission in Haiti
OHCHR	Office of the United Nations High Commissioner for Human Rights
OIOS	Office of Internal Oversight Services
UNAKRT	United Nations Assistance to the Khmer Rouge Trials

UNAMA	United Nations Assistance Mission in Afghanistan
UNAMI	United Nations Assistance Mission for Iraq
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFIP	United Nations Fund for International Partnerships
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNICEF	United Nations Children's Fund
UNIOGBIS	United Nations Integrated Peacebuilding Office in Guinea-Bissau
UNIOSIL	United Nations Integrated Office in Sierra Leone
UNIPSIL	United Nations Integrated Peacebuilding Office in Sierra Leone
UNITAR	United Nations Institute for Training and Research
UNMIN	United Nations Mission in Nepal
UNMIT	United Nations Integrated Mission in Timor-Leste
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNODC	United Nations Office on Drugs and Crime
UNOG	United Nations Office at Geneva
UNOGBIS	United Nations Peacebuilding Support Office in Guinea-Bissau
UNON	United Nations Office at Nairobi
UNOP	United Nations Office for Partnerships
UNOPS	United Nations Office for Project Services
UNOV	United Nations Office at Vienna
UNOWA/CNMC	United Nations Office in West Africa/Cameroon-Nigeria Mixed Commission
UNPOS	United Nations Political Office for Somalia
UNSCO	Office of the United Nations Special Coordinator for the Middle East Peace Process
UNTSO	United Nations Truce Supervision Organization
WHO	World Health Organization

Letters of transmittal

30 March 2012

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the United Nations for the biennium ended 31 December 2011, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **BAN** Ki-moon

Mr. Liu Jiayi
Chair of the United Nations Board of Auditors
New York

30 June 2012

I have the honour to transmit to you volume I of the report of the Board of Auditors on the financial statements of the United Nations for the biennium ended 31 December 2011.

(*Signed*) **Liu** Jiayi
Auditor-General of China
Chair of the United Nations Board of Auditors

President of the General Assembly
of the United Nations
New York

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the United Nations, which comprise the statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011 (statement I), the statement of assets, liabilities, and reserves and fund balances as at 31 December 2011 (statement II), the statement of cash flows (statement III) and the supporting statements, schedules and explanatory notes.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with the United Nations system accounting standards, and for such internal control as is deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the United Nations preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Nations internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations as at 31 December 2011 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the United Nations that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations.

(*Signed*) Liu Jiayi
Auditor-General of China
Chair of the United Nations Board of Auditors

(*Signed*) Amyas Morse
Comptroller and Auditor General of the United Kingdom of
Great Britain and Northern Ireland
(Lead Auditor)

(*Signed*) Terence Nombembe
Auditor-General of South Africa

30 June 2012

Chapter II
Long-form report of the Board of Auditors

Summary

The United Nations is a complex organization comprising a large headquarters in New York (made up of multiple departments and offices), as well as entities and offices away from Headquarters, and missions and projects across the globe. It has over 15,000 core staff delivering a very wide range of work on fundamental issues. Total expenditure in the biennium 2010-2011 was $10.63 billion. It is in the midst of a significant and necessary programme of improvement and change, replacing out-of-date processes, systems and capital assets, and introducing new accounting standards.

The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations for the biennium ended 31 December 2011, and has examined a wide range of managerial issues. The audit was carried out through the examination of financial transactions and operations at United Nations Headquarters in New York, and offices in Geneva, Vienna, Nairobi, Kuwait, The Hague and country offices as necessary. The Board has also reported separately on many of the major business transformation projects of the United Nations, namely, the new enterprise resource planning system (Umoja), the introduction of International Public Sector Accounting Standards and the capital master plan.

Opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations as at 31 December 2011 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Overall conclusion

The United Nations has continued to work and deliver on an array of vital activities during the biennium 2010-2011. While the Board was satisfied that the United Nations financial statements are free from material error, it continued to note deficiencies in key areas such as asset management, and procurement and contract management. One of the Board's main concerns was the weak operation of controls over expenditures reported by non-governmental organizations (NGOs) funded by the Office for the Coordination of Humanitarian Affairs. The Board noted deficiencies in the operation of the control process designed to provide management with assurance over the use of funds, and late progress and financial reporting by NGOs as well as lack of effective management follow-up. The Board considers that a vital element of effective accountability is that where management passes funds on to a third party it establishes and operates an effective regime to gain assurance that the funds have been used for the purposes intended and have delivered value for money.

Drawing on the entirety of its work across the United Nations, the Board notes that at present the internal control system is focused on technical compliance with the framework of rules and regulations, and despite the multitude of resource-intensive reporting mechanisms, senior management does not have the information to support the achievement of the Organization's objectives in a cost-effective manner.

This undermines effective governance. In essence there is, therefore, no overarching strategic management of the Organization's resources throughout the United Nations complex patchwork of entities, divisions, funds and programmes.

As a consequence, many of the higher level corporate controls expected in an organization of this complexity, size and profile are seriously underdeveloped, as illustrated by the absence of good business management information to support budget monitoring and out-turn forecasting; the difficulties in implementing results-based budgeting, and therefore the lack of an effective system to monitor and manage the achievement of organizational objectives; and the absence of an effective approach to organizational risk management. The absence of a clear and well-developed framework of controls at the corporate level creates an environment where there is a strong focus on doing only what the rules permit (technical compliance) rather than a focus on what should be done to achieve organizational objectives and use resources cost-effectively.

The Board has also identified significant problems and risks in the work being undertaken to improve and transform the United Nations, some of which are directly related to the lack of an overarching vision of how the Organization should be working to achieve its objectives. The Board has highlighted a lack of transparency in progress reporting, cost-overruns, delays, weak governance, unclear accountability for delivery, and poor planning and management of benefits realization to varying degrees in each of the major transformation projects it has examined. It also notes the difficulties the United Nations has experienced in moving towards a system and culture of results-based management, and in developing integrated financial and performance-reporting tools to improve management decision-making and drive enhanced accountability (see section C.7 below).

The Board, while it commends the ambition for change, is concerned that the extent of business transformation as a whole is not based on a strategic assessment of the complexity of the United Nations business environment and scale of cultural change needed, judged against the capacity of the Organization to absorb change effectively. Indeed, each of the major transformation projects would be immensely challenging, even in a stable and homogenous organization. Taken together, within the context of the United Nations, a grouping of multiple and diverse entities and programmes subject to huge external pressures, they require considerable management energy, focus and grip.

In section D we summarize some of the lessons for senior management that need to be addressed to achieve successful delivery. The Board notes that senior management acknowledges these issues and the problems facing each transformation project, and that recent changes have and are being implemented to strengthen senior management focus and grip on the business transformation agenda, accountability and management of the United Nations as a whole. The Board will continue to assess progress during its audits in 2012-2013. What is critical now is recognition of the need for a more strategic and holistic managerial approach to determine the direction and most cost-effective delivery of the business transformation programmes and the activities of the United Nations more generally.

Key findings and recommendations

Financial performance

As total expenditure across all consolidated United Nations funds was $10.634 billion and total income was $10.450 billion, the United Nations recorded a total deficit of $184 million for the biennium 2010-2011. Taking into account unbudgeted liabilities for end-of-service and post-retirement benefits as well as prior-period adjustments, the net shortfall of income over expenditure for the biennium was $1.231 billion. The shortfall was mainly due to the gross amount assessed to Member States for the biennium 2010-2011 of $5 billion, which was lower than the total approved budget appropriations of $5.4 billion. Budget appropriations take account of a rise in staff costs of $427 million and operational costs of $119 million. The total reserves and fund balances of the United Nations at 31 December 2011 amounted to $2.028 billion, reflecting total assets of $8.1 billion and total liabilities of $6.1 billion.

Weak control over expenditures of the Office for the Coordination of Humanitarian Affairs via third parties

While recognizing the fast-moving operational environment and the challenging nature of emergency relief operations, the Board was particularly concerned over the weak level of control and oversight exercised over payments made by the Office for the Coordination of Humanitarian Affairs to non-governmental organizations. The Board found significant weaknesses in controls to obtain adequate assurance over such disbursements, as at the time of reporting some 275 audit reports covering $86 million of expenditure in the period had still not been received, four months after the required report delivery dates, although 261 unaudited financial reports had been received. The Board also found deficiencies in the level of site-monitoring visits and spot checks being carried out by the Office for the Coordination of Humanitarian Affairs.

The Board will be looking for considerable improvement in this area in the biennium 2012-2013, including a rigorous review of the lessons to be drawn from the control and accounting regimes operated by other United Nations agencies over third-party expenditures.

The Board also has serious concerns over the appropriateness of the United Nations long-standing accounting treatment of disbursements to non-governmental organizations whereby such disbursements are immediately recognized as expenditure, rather than advances.

Financial management

Good financial management supports sound decision-making and accountability, improves planning and revision of plans, and helps an organization to devise its strategy and manage risks to delivery. Weaknesses in financial management can increase costs, reduce value for money and put service delivery at risk. Against the backdrop of a global financial crisis, effective financial management has never been more important.

The Board identified several areas where it believes significant improvements in the quality of financial management information should be made to enable more informed decision-making. For example, partly because of deficiencies in the current financial management systems, and partly because such practices are not required or

enforced, many senior and operational managers neither receive or request regular financial management information to enable them to monitor performance and support decision-making.

The Board also found other weaknesses in internal controls, including that non-expendable property held at Headquarters is not properly controlled, with some $2.7 million of assets missing and another $3.4 million of assets in existence but not recorded.

Cash and investments

There has been a sustained rise in cash and investment balances in respect of general trust funds, the capital master plan, the United Nations Compensation Commission and peacekeeping accounts over the last four bienniums, resulting in $10.8 billion under management of the United Nations Treasury. Of that total, the United Nations was holding $3.5 billion in cash and investments at the end of the reporting period in relation to volume I. The Board notes that the cash is pooled for investment purposes, and that cash and investment are systematically apportioned and separately reported where they belong. The Board, however, wishes to highlight that the Administration could improve its analysis of cash and investments by centrally monitoring, and reporting to senior management, on what the cash and investment balances were expected to fund, and why the funds have not yet been utilized. Such analysis could help the senior management to define a high-level strategy to set out the cash requirements of the United Nations and the resulting optimum level of cash and investments that should be held at an entity level.

Trust fund and project management

From a total of 202 technical cooperation funds recorded in volume I, the Board found that 32 funds were inactive, and that from a total of 168 general trust funds recorded in volume I, 32 funds were inactive as at 31 December 2011. Of the 64 inactive funds, representing a total cash balance of reserves of $23.8 million, 37 had also been inactive as at 31 December 2009. The Administration was unable to explain why the inactive funds have remained open other than that there may be some (unevidenced) prospect of future activity. Senior management at Headquarters is not provided with regular management information on the status of these locally managed funds and thus has limited visibility and control over them.

Procurement and contract management

We have identified a number of concerns on the management of contracts both within the Procurement Division and requisitioning departments. Fifty-four per cent of contract managers had not undertaken any training in contract management, despite online training being available; and key performance indicators, to measure contractor performance, were included in only 50 per cent of contracts examined. Requisitioning departments do not consistently complete vendor performance evaluations and there is no central record of such evaluations. Furthermore, the Administration does not evaluate risk across its portfolio of contracts and actively focus resources on the contracts which carry the greatest risk. This increases the risk of contract failure and hence the possibility of cost increases and delay or failure in the delivery of operational objectives.

Records of delegations of authority, which set out limits of authority to procure goods and services on behalf of clients, were not up to date in the United Nations Office at Vienna and were not clearly set out in the United Nations Office at Nairobi. This creates a risk that the procurement sections within these two Offices may process transactions that they are not authorized to carry out. Systems for recording, monitoring and managing procurement requests were not adequately developed or utilized, limiting the Administration's ability to plan, manage and evaluate procurement performance.

Together those findings highlight a wider problem. With procurement functions dispersed between the various entities under volume I and responsibility for contract management pushed down to requisitioning departments, the Board considers that there is a lack of focus within the United Nations on seeking greater strategic value from procurement activities as a whole and in developing and getting the most from major commercial relationships.

Programme planning and performance reporting

The United Nations process of programme planning does not effectively align operational work plans with the Organization's strategic goals, which could result in setting objectives which are out of date. None of the 85 indicators of achievement reviewed by the Board were focused on outcomes, and 21 per cent did not clearly relate to the expected accomplishment they were intended to address. While acknowledging that it is not always easy to define outcome-based indicators, this lack of focus on outcomes, combined with very limited consideration of programme performance information against financial performance information, means that the United Nations is unable to robustly assess whether it is using its resources cost-effectively, and leads to weakened accountability.

Accountability and internal control

The Board considers that clarity over roles, accountabilities and reporting lines could be enhanced, and that the current arrangements are not always operating effectively within the United Nations, weakening management's oversight of, and accountability for, the cost-effective use of resources. Performance reporting is not outcome-focused or used to drive accountability, and we noted the absence of clear and effective governance and accountability arrangements for major business transformation programmes.

The Board has noted a range of internal control deficiencies such as weaknesses in asset stewardship and poorly defined delegated authorities for procurement and contract management. More importantly, the Board also noted an absence of higher level controls such as routine and regular financial management information available for managers at all levels to enable active monitoring and control in relation to expenditure. As a result, accountability is less demonstrable as management does not have the tools to assess and challenge performance, and effective financial and operational management is compromised as decision-making is less well informed.

Risk management

The Board acknowledges that the Administration is committed to establishing an organization-wide risk management approach, but at the time of reporting the United Nations did not have such an approach in place. Furthermore, the Board

considers that risk management needs to be led from the top of the Organization; and that a first step is for the most senior managers to agree collectively on the most pressing risks the Organization faces and to determine their collective appetite for risk, and confirm that this is in line with the risk appetite of the General Assembly. The Board has seen no evidence of such an approach being adopted by United Nations senior management.

Business transformation

The Board has found significant and common issues in all of the major United Nations business transformation projects it has examined, including:

- Funding is agreed and projects are commenced without a clear agreement of the benefits that the initiatives are intended to deliver.
- Benefits realization is suffering from a failure to assign clear responsibility for delivery and agree plans for how they will be achieved.
- The Administration's reporting on project costs and progress has lacked robustness and transparency.
- A lack of clarity about who in senior management is accountable for delivering the project and weaknesses in both the governance and accountability arrangements, for example, ineffective steering committees.

Placement and distribution of the investigative capacity of the Office of Internal Oversight Services

The Board cannot provide assurance on the cost-effectiveness of the structure for the Investigations Division proposed in the OIOS pilot evaluation report because that report does not include a cost-benefit analysis or options appraisal, and the precise deployment of posts under the proposed hybrid structure is not defined. OIOS informed the Board that it did not include a cost-benefit analysis in its evaluation report because it did not yet have sufficient management information to support a useful analysis, as previously recommended by the Board. OIOS expects it will have more complete data, and include a full cost-benefit analysis, when it makes a detailed proposal for changes in the structure and resourcing of its Investigations Division in the context of the 2013/14 support account.

Furthermore, without a full understanding of the level of fraud risk, in particular external fraud risk, which the United Nations faces, the OIOS Investigations Division is unable to determine the level of investigative resources required to fulfil its mandated requirements or the most cost-effective deployment of those resources. OIOS has recognized the need to do more to investigate the risks of fraud and economic crime and is working to improve its capability and effectiveness in fulfilling that aspect of its mandate through analysing procurement data and enhancing its relationships with key parts of the United Nations, such as the Office of Central Support Services.

Key recommendations

The Board makes detailed recommendations in the main report. In summary, the main recommendations are that the United Nations:

Control of third-party expenditures by the Office for the Coordination of Humanitarian Affairs

- **Require the Office for the Coordination of Humanitarian Affairs to strengthen its project management procedures to ensure regular review, verification and reporting of project expenditures to enable it to obtain timely and sufficient assurance and control over expenditure, confirmation that funds have been used for the intended purposes, and hence assurance over the accuracy of their recording in the financial statements.**
- **In collaboration with the Office for the Coordination of Humanitarian Affairs, identify and implement the lessons from how other United Nations system agencies operate control and accounting regimes over third-party expenditures.**
- **In collaboration with the Office for the Coordination of Humanitarian Affairs, rigorously review its accounting treatment for recording expenditures via executing agencies and make any necessary changes of accounting policy no later than 2014.**

Financial management and performance

- **As part of its preparations for the implementation of the International Public Sector Accounting Standards, consider how it can strengthen internal controls within the existing inventory management system, with clearly defined processes and responsibilities for asset owners.**

Cash pools and investments

- **Provide senior management, on at least an annual basis, with clear analysis and explanations of the reasons for the level of cash and investments held.**
- **Explain the reasons for the increased holdings of investments and cash pools within subsequent sets of financial statements.**

Trust funds

- **Expedite the closure of inactive trust funds.**

Procurement and contract management

- **Include specific and measurable key performance indicators, linked to payment, in every contract with vendors.**
- **Complete vendor performance evaluations for all contracts to enable proper maintenance of the approved vendor register and facilitate improved selection processes.**

Programme planning and performance reporting

- **Develop more outcome-focused objectives and indicators of achievement.**
- **Consider how it can better integrate financial and performance reporting, at all levels in the Organization, and build that into its thinking about the design and implementation of the new enterprise resource planning system (Umoja) and as part of realizing the benefits from both Umoja and the improved information that will be provided by IPSAS.**
- **Assign specific responsibility for the successful implementation of results-based management methodology throughout the Secretariat to a relevant member of the senior management team.**

Accountability, internal control and risk management

- **Senior management should set out an action plan addressing the key lessons identified by the Board on business transformation, to demonstrate and track how it is developing and implementing a more strategic and holistic grip on the direction and delivery of the business transformation programmes.**
- **Consider fully implementing a management assurance system which requires managers at all levels to periodically provide senior management assurance on the effectiveness of internal controls in their sphere of control to test both understanding and compliance at all levels.**
- **Require the Management Committee to: (a) periodically identify the top risks facing the Organization and communicate that information to all managers; and (b) develop high-level and regular (monthly) reporting on the current status of the risks and associated mitigating strategies.**
- **Assess the potential for fraud across the United Nations and take that into account when evaluating the optimal level and deployment of investigative resources required to fulfil the mandated responsibilities of OIOS.**

Previous recommendations

Of the 72 recommendations made for the biennium 2008-2009, 42 (58 per cent) had been fully implemented, an improvement compared to the 54 per cent rate of implementation in the previous biennium; 22 (31 per cent) were under implementation; 2 had not been implemented, 3 had been overtaken by events and 3 were not accepted by the Administration.

A. Background

1. The United Nations provides the main forum within the wider United Nations system for its 193 Member States to express their views, through the General Assembly, the Security Council, the Economic and Social Council and other bodies and committees. Given the powers vested in its founding Charter, the Organization can take action on a wide range of vital and complex issues. In turn, that has led to the evolution of the United Nations into a complex organization comprising a large headquarters in New York (made up of multiple departments and offices), as well as entities (many with their own governance structures and systems) and offices away from Headquarters, and missions and projects across the globe. It has over 15,000 core staff and many thousands of consultants and staff on other types of contracts at any one time. Staff costs are the single largest item of expenditure, accounting for 54 per cent of total expenditure in the biennium 2010-2011 of $10.63 billion.

2. The financial statements for the United Nations in volume I report on the full range of activities, entities and programmes falling under the auspices of the United Nations Secretariat, and include all funds other than those of peacekeeping operations, United Nations escrow accounts, the United Nations Compensation Commission, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, which are reported separately.

3. The accounts consist of 12 separate statements supported by schedules and notes and provide financial information in accordance with the United Nations system accounting standards relating to the United Nations General Fund and related funds, technical cooperation activities, general trust funds, the Tax Equalization Fund, the capital master plan and other funds. Statements I to III consolidate the information for all funds. Statements IV to XII provide further detail at fund level.

4. Over the last 10 years the United Nations has embarked on a range of major business transformations to improve the governance and cost-effective delivery of its activities and services, and to replace or refurbish its accommodation and information technology systems. In the biennium 2010-2011, for various reasons, there was much simultaneous activity on major business transformations testing management's ability to effect meaningful progress and change and deliver a good return on Member States' investment.

B. Mandate, scope and methodology

5. The Board of Auditors has audited the financial statements of the United Nations and has reviewed its operations for the biennial financial period ended 31 December 2011 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations as well as the International Standards on Auditing. The latter standards require that the Board comply with ethical requirements and plans and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

6. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the United Nations as at 31 December 2011 and the results of its operations and cash flows for the financial period, in accordance with the United Nations system

accounting standards. That included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

7. The Board also reviewed the United Nations operations under financial regulation 7.5, which allows the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization. Alongside its examination of major business transformations, the Board focused on:

- Contract management and procurement across funds reported in volume I, in response to senior management concerns about the need for strengthened control and practices in this high-value area.
- Programme planning and performance reporting across volume I, to understand better the barriers to implementing effective results-based budgeting and management.

8. The Board conducted the audit at the United Nations Headquarters in New York, Geneva, Vienna and Nairobi, and visited operations and entities in Kuwait, The Hague, the Office for the Coordination of Humanitarian Affairs and its Ethiopia and Sudan country offices, the Office of the United Nations High Commissioner for Human Rights and its Colombia country office and five regional economic commissions. The Board coordinated its work with the Office of Internal Oversight Services to avoid unnecessary overlap of effort and to determine the extent of reliance that could be placed on its work.

9. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly, including specific requests from the Assembly and the Advisory Committee on Administrative and Budgetary Questions. The latter includes further coverage of the cost-effective distribution of OIOS investigative resources, specifically looking at the outcome of the pilot exercise started in July 2009, as requested by the General Assembly.

10. The Board, as requested by the Advisory Committee on Administrative and Budgetary Questions and the General Assembly, has reported separately on progress on three major United Nations business transformation projects: the capital master plan (A/67/5, Vol. V), the new enterprise resource planning system (Umoja) (A/67/164), and the implementation of the International Public Sector Accounting Standards (A/67/168). In the present report, the Board summarizes some of the generic issues on governance and the management of business transformation in the United Nations that arise from its examination of these projects (see section D below).

11. The Board's report was discussed with management, whose views have been appropriately reflected in the report.

C. Findings and recommendations

1. Follow-up of previous recommendations of the Board

12. Of the 72 recommendations made by the Board for the biennium 2008-2009, 42 (58 per cent) had been fully implemented, an improvement compared to the 54 per cent rate of implementation in the previous biennium; 22 (31 per cent) were under implementation; 2 had not been implemented, and 3 had been overtaken by events. Three were not accepted by the Administration because in each case alternative plans of action were implemented, and the Board therefore accepts that they are closed:

- Preparations for implementation of IPSAS at offices away from Headquarters;
- Developing an estimation methodology for budget preparation at the United Nations Assistance to the Khmer Rouge Trials (UNAKRT);
- Evaluation of results in respect of publicly available reports produced by the Department of Economic and Social Affairs of the Secretariat.

13. **Otherwise, the Board reiterates all its previous recommendations which were either under implementation or not implemented.**[1] Further details of the status of implementation are given in the annex to chapter II.

14. At the end of the biennium 2010-2011, there were 23 recommendations from previous years which had been either partially implemented or not implemented. Twenty (87 per cent) of the outstanding recommendations were made by the Board in the 2008/2009 report (A/65/5 (Vol. I)) and three related to 2006-2007.[2]

15. The Board notes that three of the partially implemented recommendations from 2008-2009 are dependent on the introduction of the United Nations new enterprise resource planning system (Umoja). While it is accepted that it may not be efficient to change processes which will be further amended by the new system, the Board reiterates and revises its recommendation that the Administration enhance the internal documentation on the preparation of the financial statements, as stated in paragraph 25 of the previous report (A/65/5 (Vol. I)). A small number of staff in the Accounts Division have detailed knowledge of the processes for preparation of the United Nations financial statements. If these processes are not adequately documented, there is a risk that absences of key staff would lead to significant delays or errors in the financial statements.

16. **The Board recommends that, without waiting for the implementation of the new enterprise resource planning system (Umoja), the Administration enhance the internal documentation on the preparation of the financial statements.**

17. The Administration stated that it did not see the need to devote any resources to developing further guidance under the United Nations system accounting standards, but will develop and customize year-end guidance and procedures in

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[1] Previous recommendations which were either under implementation or not implemented were contained in the following paragraphs of the Board's report for the previous biennium (A/65/5 (Vol. I)): 25, 62, 66, 98, 121, 135, 146, 156, 160, 164, 191, 274, 286, 329, 336, 387, 390, 409, 413, 437, 449, 456 and 481.

[2] The three recommendations outstanding since 2006/2007 were contained in paragraphs 66, 191 and 336 of document A/65/5 (Vol. I).

preparation for IPSAS. The Board remains of the view that over-reliance on the knowledge of a few individuals presents a risk.

18. The recommendations not implemented were also dependent on the implementation of Umoja. Those recommendations are in paragraphs 62 and 66 of the previous report (A/65/5 (Vol. I)) and relate to the need to define a strategy to streamline and further automate the management of voluntary contributions and to develop indicators for processing times. The Board accepts that Umoja is delayed, but is concerned that in the meantime nothing will be done to address its previous recommendations. The Board reiterates its previous recommendations and asks that the Administration consider what can be done by way of interim improvements until the full implementation of Umoja.

2. Financial performance

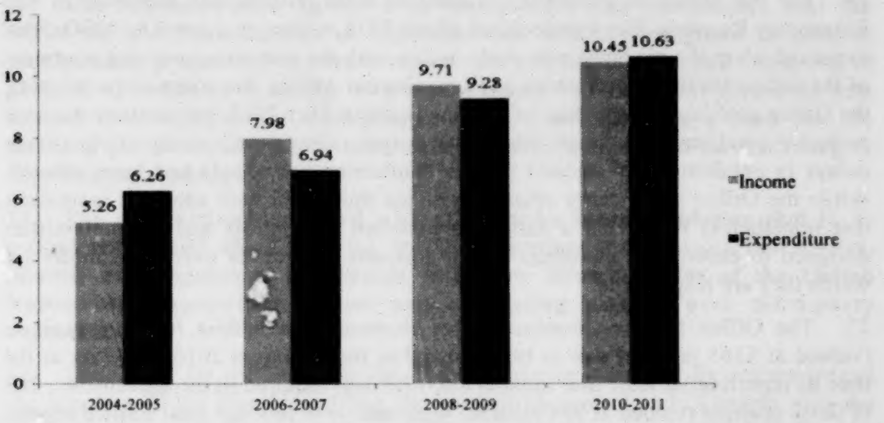
Overall financial position

19. Statement I shows that across all funds reported in volume I, the United Nations received income of $10.45 billion in the biennium 2010-2011, an increase of $740 million (7 per cent) over the previous biennium, mostly attributable to increased assessed contributions ($217 million) and voluntary contributions ($225 million). Expenditure for the same period was $10.63 billion (2008-2009, $9.27 billion), an increase of $1.36 billion (14 per cent). The two areas contributing to this significant increase are special political missions ($341 million) and general trust funds ($362 million).

20. The United Nations recorded a deficit of $184 million and a net shortfall of income over expenditure of $1.231 billion when the additional expenses for prior-period adjustments and end-of-service and post-retirement benefits are taken into account. The shortfall was mainly due to the gross amount assessed to Member States for the biennium 2010-2011 of $5 billion, which was lower than the total approved budget appropriations of $5.4 billion. Budget appropriations take account of a rise in staff costs of $427 million and operational costs of $119 million. Staff costs have risen in terms of higher salaries, related staff benefits and staff assessment payments in respect of the Tax Equalization Fund. The shortfall is in contrast to the previous two bienniums, which both recorded an excess of income over expenditure (figure II.I) and reflects the continued expansion in the United Nations remit. The shortfall has been funded from reserves.

21. The United Nations total reserves and fund balances at 31 December 2011 amounted to $2.028 billion, representing a decrease of some $600 million (23 per cent) since 2009. That is substantially accounted for by the net shortfall of income over expenditure of $1.231 billion in this biennium, offset by an increase in total assets of some $913 million.

Figure II.I
Comparative income and expenditure, 2004-2005 to 2010-2011
(Billions of United States dollars)



Source: Volume 1, Financial statements, 2004-2005 to 2010-2011.

22. The three highest spending programmes of the United Nations General Fund during the 2010-2011 biennium were political affairs ($1.429 billion compared to $1.1 billion in 2008-2009), policymaking ($0.799 billion compared to $0.745 billion in 2008-2009) and common support services ($0.595 billion compared to $0.570 billion in 2008-2009).

23. Of the $10.45 billion income received for the period, $5.69 billion (54 per cent) came from Member States in assessed contributions and $2.75 billion (26 per cent) came from voluntary contributions. The majority of the voluntary contributions have been received in respect of two general trust funds: the Central Emergency Response Fund ($888 million) and the Trust Fund for Disaster Relief Assistance ($511 million).

3. Office for the Coordination of Humanitarian Affairs' Emergency Response Fund

24. The Emergency Response Fund is established to provide funding for urgent humanitarian needs and facilitate coordination of emergency response activities. For the biennium ended 31 December 2011, the Office for the Coordination of Humanitarian Affairs managed 19 active emergency response funds with total income amounting to $304 million.

25. The main delivery modality used by the Office for the Coordination of Humanitarian Affairs is the use of non-governmental organizations or United Nations agencies to deliver activities (projects) on behalf of the Office under agreements signed by the two parties. The Office receives contributions from donors on behalf of the Emergency Response Fund, and assumes the responsibility for both programmatic management and financial administration of those funds; it therefore needs to closely engage in all aspects of the operation of the funds. The main tools used by the Office to monitor the Emergency Response Fund-granted projects and obtain adequate management assurance over the expenditures include progress reports, site visits, interim and final financial reports, and final audited reports.

Typically, the practice is that final financial reports from the NGOs are expected to be provided within two months of the end of the project and are then independently audited.

26. For the biennium 2010-2011, a total of $304 million was expensed to 880 Emergency Response Fund projects, of which $233 million was spent by NGOs, and expensed when the payment was made in line with the current accounting treatment of the Office for the Coordination of Humanitarian Affairs. For most of the projects, the Office could not, at the time of the final audit in May 2012, substantiate the total project expenditure on a timely basis after project completion because of significant delays in obtaining final audited reports confirming how funds had been utilized. While the Office made every effort to provide the Board with adequate assurance, that nonetheless represents a serious breakdown in controls and accountabilities designed to ensure that managers obtain adequate assurances over expenditure for which they are responsible.

27. The Office for the Coordination of Humanitarian Affairs had 596 projects (valued at $165 million) due to be delivered in the biennium 2010-2011. As at the time of reporting, at least four months after the date required in the agreements, 269 of those projects (valued at $84 million) were unable to provide final audited reports, though most of them could provide unaudited final reports. For example, at the Ethiopia country office, the average time from completion of the project to submission of the final report was 112 days (the longest was 322 days) despite the stipulated target period of two months after project completion. The Office was eventually able to obtain 321 audited reports and 260 final unaudited reports covering $160.7 million of the expenditure by July 2012, leaving nine projects (valued at $2.6 million) without any reports reflecting the expenditure; and on that basis, combined with management assurances and evidence on the results of previous patterns of errors and progress reports on project expenditures in 2010-2011, the Board was able to avoid qualifying the accounts.

28. The Board also noted low levels of site visits, in some country offices at the time of audit reflecting limited field capacity for the control of the projects. The Board further noted that the Office for the Coordination of Humanitarian Affairs at Headquarters had not issued any guidance on the management of projects funded from the Emergency Response Fund, and there was no standardized project information management tool to support humanitarian coordinators, field offices and fund managers in the managing of the projects. At the time of reporting, the Board was informed by the Administration that the Office's rate of site visits as a whole is about 54 per cent per biennium.

29. The Board has serious concerns over the appropriateness of the United Nations long-standing accounting treatment of disbursements to NGOs whereby such disbursements are immediately recognized as expenditure, rather than advances. The Board notes that many United Nations organizations account for disbursements to NGOs as advances at the time of disbursement, and that despite its treatment of NGO disbursements, the Office for the Coordination of Humanitarian Affairs accounts for disbursements to United Nations agencies as advances.

30. The Board considers that: (a) the operation of the existing controls over the management of NGOs is not being implemented effectively; (b) the Office for the Coordination of Humanitarian Affairs needs to enhance the control processes by drawing on the practices and approaches adopted by other agencies; and (c) the

Administration should rigorously review its accounting treatment over the expenditure in this regard and make any required change of accounting policy no later than 2014.

31. **The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs strengthen its project management procedures to ensure regular review, verification and reporting of project expenditures to enable it to obtain timely and sufficient assurance and control over expenditure, confirmation that funds have been used for the intended purposes, and hence assurance over the accuracy of its recording in the financial statements.**

32. **The Administration agreed with the Board's recommendation that it, in collaboration with the Office for the Coordination of Humanitarian Affairs, identify and implement the lessons from how other agencies of the United Nations system operate control and accounting regimes over third-party expenditures.**

33. The Office for the Coordination of Humanitarian Affairs fully acknowledged the concerns of the Board regarding the level of its control and oversight over the use of resources allocated by the Office to NGOs. It accepted the Board's recommendation that it strengthen its project management procedures to ensure regular review, verification and reporting of project expenditures and will implement this in a measurable manner during 2012-2013. Action will include: (a) improving the timeliness of receipt of progress and final financial reports; (b) reducing the delays in conducting audits and closing projects; (c) increasing the number of field monitoring visits, particularly to projects assessed as high risk; and (d) developing and implementing a risk-based approach to the oversight and management of implementing partners. The Board will be seeking greater clarity over the precise action the Office for the Coordination of Humanitarian Affairs will be taking and will work with the Office to develop an improved control regime over expenditures via executing agencies.

34. **The Administration agreed with the Board's recommendation that it, in collaboration with the Office for the Coordination of Humanitarian Affairs, rigorously review its accounting treatment for recording expenditures via executing agencies and make any necessary changes of accounting policy no later than 2014.**

35. The Administration stated that it will conduct a rigorous review of the accounting treatment for recording expenditures via executing agencies, considering the experiences of other United Nations entities and embracing the standards established by IPSAS, and will make any necessary change in the accounting policy no later than 2014.

4. Financial management

Preparation of financial statements

36. The financial information reported in volume I consolidates accounting data supplied from multiple locations, partly electronically through the Integrated Management Information System and partly through manual monthly accounting returns. The Board commented in its last report (A/65/5/(Vol. I), paras. 20-23) on the significant level of manual procedures and adjustments required to produce the

volume I financial statements and highlighted the inherent risks of error associated with the manual and fragmented approach to the preparation of the financial statements. Manual processes are also extremely time consuming and require significant resources to complete. The Board noted that the reconciliation of the underlying transactional data through the trial balance to the financial statements using IMIS (the United Nations existing financial management system) is highly complex and time consuming. This is the case now under the United Nations system accounting standards. When this is expanded for accruals accounting under IPSAS, it will be become even more challenging given the range of new transactions.

37. More importantly, the manually intensive process of producing financial statements does not facilitate the production of usable financial management information on an ongoing basis throughout the biennium. In terms of financial reporting this means that:

- Partly because of deficiencies in the current financial management systems, and partly because such practices are not required or enforced, many senior and operational managers neither receive or request regular financial management information to enable them to assess performance on the income, expenditure, assets and liabilities of the Organization. This potentially leads to poorly informed decision-making and a lack of accountability.
- The finance function itself is constrained in the valuable wider role it could play in monitoring and advising all parts of United Nations operations on the development and delivery of their programmes, projects and other activities, and in support of General Assembly decision-making.

38. The Board considers that addressing the serious deficiencies in United Nations financial management cannot be substantially achieved until both IPSAS (to improve the completeness of financial information) and Umoja, the new enterprise resource planning system (to improve reporting functionality), are in place. Given the delay in Umoja, the Board considers that the Administration should still make every effort to improve financial reporting, and potentially make better use of the existing systems to achieve this while awaiting full implementation of Umoja.

Use of cost plans for establishing obligations

39. The Office of the United Nations High Commissioner for Human Rights, as is common elsewhere in the United Nations system, makes budgetary advances to local offices to cover local staff costs on the basis of an agreed cost plan. This is a practical arrangement established to enable offices away from Headquarters to have funding available to meet their costs. Since the cost plan is an internal document, and in principle not strictly the basis on which to establish obligations in accordance with the Financial Regulations and Rules of the United Nations, it is important that at the end of the year there be a robust review and reconciliation, if necessary of the obligation against the actual local costs incurred in the field, to ensure accurate recording of expenditure. The Board noted that the review and reconciliation process undertaken by OHCHR was insufficient, and that over time (bienniums 2006-2007 to 2010-2011), the ratio of cancellation of prior-period obligations (cancellation of prior-period obligations of the current biennium divided by the unliquidated obligation balance of the last biennium) was around 50 per cent in each biennium. If this pattern was to continue, that could indicate that OHCHR expenditure is overstated by some $11 million in 2010-2011.

40. The Board found a similar problem, but on a much smaller scale, with respect to the use by the Office for the Coordination of Humanitarian Affairs of cost plans to raise obligations for local staff costs.

41. **The Administration agreed with the Board's recommendation that OHCHR and the Office for the Coordination of Humanitarian Affairs establish proper end-of-year reconciliation procedures to ensure the accurate recording of expenditures where cost plans are used to establish obligations in local field offices.**

42. OHCHR stated that it has established an effective end-of-year reconciliation process. The Office for the Coordination of Humanitarian Affairs stated that it would establish procedures to reconcile field obligations on a quarterly basis, ensuring that appropriate adjustments and/or cancellations are made.

Land and buildings

43. In note 10 to the United Nations 2010-2011 financial statements below, the original cost of the "Secretariat Building and General Assembly Hall, library building and villas, Geneva" is disclosed at a total amount of $12.3 million. The Administration informed the Board that the original cost of both land and buildings owned by the United Nations Office at Geneva was included in this amount. However, neither the Headquarters Accounts Division nor the United Nations Office at Geneva could provide a detailed breakdown of the assets covered by the $12.3 million (historic cost) valuation. In particular, the Office could not provide the original cost of each of the 10 plots of land owned by the Office, or the cost of the individual buildings on its site. More generally, while able to obtain sufficient assurance to support the asset and liability statement disclosures, the Board noted that the level of records to support the valuation of lands and buildings across the entire United Nations estate was not at a required level of detail. The absence of good information hinders, in the view of the Board, effective estate management.

44. The Board recognizes that over time some records may have been disposed of under United Nations statutory retention policies; but considers that the Administration must keep adequate records to support its disclosed balances.

45. **The Administration agreed with the Board's recommendation that in readiness for IPSAS implementation, the United Nations review and improve its asset records in support of land and buildings with a view to assigning a valuation to individual buildings prior to 1 January 2014.**

46. The Administration noted that the Office of Central Support Services has prioritized existing resources on a temporary basis to establish a Property Management Unit that will support IPSAS readiness efforts within the Organization.

Non-expendable property

47. The value of non-expendable property as at 31 December 2011 reported in the financial statements is $637 million. At Headquarters, non-expendable property mainly comprises information technology equipment, furniture and fittings. The United Nations main control to confirm the existence and security of its non-expendable property is a biennial stock take. The Board identified that the controls in operation do not provide the Administration with adequate assurance over the completeness of non-expendable property. Following the Board's review of

the inventory checks carried out by the Administration at United Nations Headquarters, the Board found $2.7 million of recorded non-expendable property for which the Administration could not locate the asset, and identified $3.3 million of assets which the Administration did not have a record of.

48. At the United Nations Office at Geneva, the Asset Management Sub-Unit is responsible for the inventory for the Office and 29 entities it services. As of 31 December 2011, the Office recorded and managed 63,779 non-expendable property items (over $62 million). While the United Nations Office at Geneva had made efforts to improve the physical inventory, the Board still noted some deficiencies:

- A physical verification exercise at the United Nations Office at Geneva in the biennium 2010-2011 identified 1,709 items (valued at $3,780,860) which could not be located, accounting for 22 per cent by value of checked items. That indicates a large discrepancy between the physical and recorded items.
- During inventory checks in early 2012, out of a total of $20.59 million of assets checked, some $5.7 million were not recorded in the asset register, of which $3 million were purchased and put into use before 31 December 2011. Therefore the reported non-expendable property was overstated by $3 million in the 2010-2011 statements.
- Of the 1,709 items not found in 2010-2011, only 21 items at a total of $31,599 had subsequently been identified as disposals (less than 1 per cent of the missing items).

49. **The Administration agreed with the Board's recommendation that the United Nations Office at Geneva: (a) undertake an adequate physical inventory check within each financial period, including the inventory of its clients; and (b) establish standard operating procedures for initial recording of all newly acquired assets.**

50. The United Nations Office at Geneva is currently conducting physical checks of non-expendable property for all of its clients, and the exercise (which started in 2010) will be completed by October 2012.

51. **The Administration agreed with the Board's recommendation that more generally, the Administration, as part of its preparations for the implementation of IPSAS, consider how it can strengthen internal controls within the existing inventory management system, with clearly defined processes and responsibilities for asset owners.**

After-service liabilities

52. The financial statements reflect end-of-service and post-retirement liabilities amounting to $3.212 billion, representing an increase of $1.038 billion (48 per cent) since December 2009. Of that amount, $2.916 billion (91 per cent) represents after-service health insurance. The liabilities are determined by actuarial valuation and relate to benefits such as accrued annual leave and repatriation grant benefits. The predominant reason for the $1.038 billion increase in the liability is a decrease in the discount rate from 6 per cent to 4.5 per cent. The reduction in the discount rate reflects the broad decline in the interest rate for high-quality corporate bonds, which is used as the benchmark for determining the discount rate.

Payroll

53. Payroll expenditure accounts for some 54 per cent of all expenditure incurred by the Administration. The Board found that payroll records, which underpin the authority to pay staff, are incomplete. Forty-nine per cent of the employee files we reviewed (44 of 90) did not contain the appropriate documentation to support salary payments, and the Secretariat had to obtain further supporting evidence to provide sufficient assurance that appointments were proper. Missing documents included authorizations for overtime payment rates, proof of job scale, signed agreements for medical and dental insurance, details of days worked, rental subsidy information, calculation to support the repatriation grant, and proof of annual leave entitlement.

54. At the Board's request, the Office of Human Resources Management and the payroll department worked with the relevant executive offices in which staff are employed to obtain the relevant audit evidence required to confirm proper appointment, so that by the end of the audit, building on the Board's analytical review processes, sufficient evidence had been obtained and no material errors were found. Notwithstanding that records are held in multiple locations, the Board would expect management to undertake regular sample checks of the full range of pay and benefits paid to assure itself that overall payments to staff were correct. That control can be achieved by centrally recording a breakdown of total payments to staff, suitably cross-referenced to documentation held in other locations. The Board notes that the Administration is considering implementing its own analytical review processes over payroll as part of the design of the new enterprise resource planning system (Umoja).

55. **The Board recommends that the Administration consider how it can strengthen central oversight over payroll transactions, giving due consideration to the costs and benefits. That could be achieved by establishing processes to centrally record all elements of pay and benefits paid to staff, cross-referencing to documentation held in local offices, to maintain a clear audit trail and support payroll payments.**

United Nations special political missions to Afghanistan and Iraq

56. Special political missions operate in volatile environments and often need to react quickly to rapidly developing situations, increasing the need for effective financial management and control. In 2010-2011 budgeted expenditure for special political missions was $1.25 billion, of which 70 per cent is accounted for by the United Nations Assistance Mission for Iraq (UNAMI) ($361 million) and the United Nations Assistance Mission in Afghanistan (UNAMA) ($509 million). The Board examined the internal control environment, risk management procedures and the provision of administrative support at both missions. The Board intends to carry out a broader review of the management and administration of field support for United Nations operations, including for special political missions, in the biennium 2012-2013.

57. Use of more bank accounts than is required by an organization increases administrative overheads and unnecessarily increases risks of misappropriation of funding and fraud. In 2011, the Board noted that the United Nations Treasury set up six new bank accounts for UNAMI, to replace the six accounts with the existing providers. However, the old accounts are still being used because the new bank is

unable to provide the full range of banking services required by the Mission. UNAMI is therefore currently operating twice as many bank accounts as necessary.

58. The Board found a number of weaknesses and discrepancies during its review of controls at UNAMI, including:

- Twice as many bank accounts were in use as required. Six new accounts were opened to replace six old accounts due for closure. However, as the new bank was unable to provide a full suite of services, the old bank accounts had to remain open and in use. That increases overheads and the Organization's exposure to risks of fraud or misappropriation of funds.
- Inventory records were incorrectly categorized and the records had not been updated to reflect the transfer of items to regions three years previously; the Mission therefore believed it had inventory available for use which it did not.
- Stock counts and reconciliations were not conducted regularly, leading to discrepancies between management records and items actually available in mission warehouses. For example, records showed 10 more armoured jackets (value $141,700) than were actually held in warehouses. The warehouse manager confirmed that inventory had been issued to regions without updating the inventory system.

59. **The Board recommends that UNAMI perform monthly reconciliations between the physical inventory held in each warehouse and the field asset management system (Galileo).**

60. UNAMI partially agreed with the recommendation, stating that it would comply with a frequency of once per annum as recommended by the Department of Field Support.

61. **The Administration agreed with the Board's recommendation that UNAMI work with the Treasury to expedite the closure of the bank accounts which are no longer required.**

62. The Administration subsequently informed the Board that all UNAMI bank accounts that were no longer required had now been closed.

63. The high-risk environment in which special political missions operate means that a structured approach to identifying and managing risks is a vital part of the Administration's governance controls. The Board reviewed risk management procedures at UNAMI and UNAMA and found that:

- UNAMI finance managers frequently discuss the risks facing the Mission; however the Mission does not have a formal risk register to capture those risks.
- UNAMA maintains a risk register, but the risks were not allocated to a risk owner; there was no grading of risks and there is little evidence that the register is regularly reviewed by management.

64. **The Administration agreed with the Board's recommendation that UNAMI and UNAMA establish effective risk management arrangements involving: (a) clear identification of risks and assessment for probability and impact; and (b) assigning clear accountability and responsibility for the management of risks, including developing and implementing appropriate mitigation strategies.**

65. UNAMA informed the Board that it had now identified and assessed the key risks facing the Mission and assigned clear accountability for their management. UNAMI stated that it would develop a risk register covering all major functions and assign appropriate responsibilities.

Funding for human rights activities

66. The promotion and protection of all human rights around the globe is a vital United Nations activity. It is the role of the Office of the United Nations High Commissioner for Human Rights to offer leadership and work objectively with partners at the country and local levels, to educate and take action to empower individuals and assist States in upholding human rights; it also supports the work of the Human Rights Council and its special procedures.

67. Special procedures are human rights mechanisms to address either specific country situations or global thematic issues, established by the Human Rights Council. As mandated activities, implemented by independent experts or special rapporteurs appointed by the Council, these special procedures mechanisms should be fully funded from the regular budget of the United Nations. This is critical to maintain real and perceived independence in the delivery of their activities, so as to maintain the trust of all stakeholders.[3]

68. While the Board found no instance where the independence of the Office of the United Nations High Commissioner for Human Rights was compromised, it noted that the special procedures receive a significant proportion of their funding from earmarked donations. Specifically, the Board noted:

- **Considerable reliance by some special procedures on earmarked donations.** According to the cost plan provided by OHCHR during the field audit in 2010-2011, among the 45 special procedures (supported by three divisions of OHCHR), 14 were partly funded through earmarked donations. The Board noted that all of those 14 special procedures were supported by the Special Procedures Branch. On average, across those 14 procedures, earmarked donations accounted for 49 per cent of their total financial resources available, with five procedures receiving over 50 per cent of funding from earmarked donations and the highest being 85 per cent. OHCHR stated that the regular budget allocation for special procedures was not divided among the different mandates and the budget for special procedures was prepared using standard costs, although the actual usage might vary enormously depending on where the mandate travels to. It further commented that earmarked contributions were not usually spent in their entirety in a given year.

- **Earmarked donations enabled some mandate holders to undertake additional mandated activities.** The Board noted that mandate holders were funded through the regular budget of the United Nations, which provides funds for two country visits, and travel to Geneva and New York for reporting purposes. However, the cost plan for 2010 and 2011 showed that no activities were planned for 11 special procedures (five for 2010 and six for 2011) at the beginning of the year, and the cost plans were revised when earmarked donations were received, with additional activities then planned accordingly.

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[3] See resolution 5/2 of the Human Rights Council, entitled "Code of Conduct for Special Procedures Mandate-holders of the Human Rights Council".

While OHCHR commented that mandated activities were not dependent on extrabudgetary contributions, the Board found that the activities supported by the earmarked donations were similar to those supported by the regular budget, such as travel, and the Board could not distinguish mandated activities funded by regular budgets from those funded by earmarked donations. Potentially, mandates that received earmarked voluntary contributions could undertake more activities than other mandates. Although the Board was advised that un-earmarked donations were allocated to support the other mandates, there is potential that earmarked donations may unduly privilege some mandates over others, but all mandated activities will be reported finally.

- **Mandate holders, undertaking work on behalf of OHCHR, are not required to disclose support received from other sources.** The Board was informed by OHCHR staff that mandate holders also received support from other sources, such as institutions and governments. While recognizing that currently, the mandate holders do not have an obligation to disclose this funding or in-kind support, the Board considers that the absence of clear disclosures could put in doubt the perceived independence of mandate holders.

69. OHCHR commented that where mandate holders receive earmarked contributions or are supported with un-earmarked contributions it is the mandate holders who decide, within the mandate provided by the Human Rights Council, on the activities they will undertake; and that the donor is not involved in those decisions. The Board, however, remains of the view that although donors are not directly involved in the mandate holders' activities, earmarked donations could unduly privilege some mandates over others, potentially impacting on their perceived independence.

70. **The Board recommends that OHCHR: (a) in collaboration with the Office of Programme Planning, Budget and Accounts, seek ways to reduce the reliance of mandate holders on extrabudgetary funding and other forms of earmarked or un-earmarked support; (b) seek ways in which to demonstrate more robustly that mandated activities regarding special procedures are undertaken independently, are of equal importance, and not unduly influenced by the source of funds; and (c) in the interest of transparency, propose to the Human Rights Council that mandate holders be required to disclose all sources of funding and any conditions attached to them.**

5. Management of cash and investments

71. At 31 December 2011, the cash holdings and cash pools reported in the volume I financial statements amounted to $67.4 million (an increase of 26 per cent since December 2009) and $3.5 billion, respectively (a decrease of 10 per cent since December 2009).[4] The United Nations Treasury manage cash pools for many of the United Nations funds and programmes as well as the Secretariat, resulting in some $10.8 billion under their management. Cash pools include some short-term investments and monies placed on deposit.

72. The Board reviewed a sample of investments to test compliance with the United Nations Investment Management Guidelines. No errors or exceptions were noted. The Board also confirmed that the Treasury management team has complied

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[4] Cash holdings are liquid cash assets, whereas the pool includes short-term investments.

with the Investment Management Guidelines' requirement to achieve the following three goals in descending order of priority through its management of the United Nations investment portfolio: preservation of capital, liquidity and rate of return.

Growth in cash and investments

73. Since the investment pooling process was introduced in 2001, there has been a large increase in the value of cash and investments held by the United Nations. In particular, the balance of investments and cash reported in volume I has risen from $1.03 billion in 2003 to $3.5 billion in 2011, an increase of $2.47 billion (239 per cent). Aligned to this increase in the same period, revenue increased from $4.68 billion to $10.45 billion (123 per cent). The Board notes that the cash pool balance for volume I in 2010-2011 ($3.5 billion) represents one third of total expenditure ($10.63 billion).

74. The increase of $2.47 billion in cash and investment balances between 2003 and 2011 is primarily due to an increase of $480 million in the General Fund, an increase of $820 million for trust funds, and an increase of $912 million for the capital master plan.

75. The Board notes that:

- The share of the cash pool attributable to the regular budget General Fund has declined significantly from $919 million in 2008-2009 to $493 million in 2010-2011.
- The share of the cash pool attributable to general trust funds had risen significantly from $459 million in 2003 to $1.2 billion at the end of 2011.
- The share of the cash pool attributable to the capital master plan amounts to $912 million compared to $924 million in the last biennium.
- The share of the cash pool and short- and long-term investments attributable to Other special funds has increased in total from $730 million to $752 million in the last biennium.

76. While the initial overall increase between 2003 and 2007 was related in part to the creation of the capital master plan project, and in total $2.2 billion of the $3.5 billion is already committed through unliquidated obligations and payables, the Board wishes to highlight a key area of opportunity in the Administration's analysis of cash and investments. The Administration does not centrally monitor, and report to senior management, on what activities the cash and investment balances were expected to fund, why the funds have not yet been utilized, and when and if the funds will be used for the purpose for which they were granted.

77. Such analysis would help senior management to define a high-level strategy to set out the United Nations cash requirements and the resulting optimum level of cash and investments that should be held at an entity level. This opportunity to improve financial analysis would also enable the Administration to maintain active oversight of the reasons for the level of cash and investments which it holds at the entity level. Enhancing the way in which the Administration analyses these balances, and communicates with senior management and the related operational teams, could allow the Organization to identify reasons that funds have been requested and not yet used.

78. **The Board recommends that the Administration: (a) provide senior management, on at least an annual basis, with clear analysis and explanations of the reasons for the level of cash and investments held; and (b) develop an investment strategy that sets out the United Nations cash requirements and the resulting optimum level of investments that should be held to underpin the delivery of United Nations activities.**

79. Total investment holdings are reported across 14 sets of financial statements for the United Nations and the peacekeeping operations, each of which represents one third of the amount held in the cash pool. Other entities include the United Nations Compensation Commission, which represents 20 per cent of the pooled funds and smaller amounts in the range of 2 to 4 per cent pertain to other smaller bodies such as the United Nations Environment Programme, the United Nations Framework Convention on Climate Change and the United Nations Office on Drugs and Crime. The allocations disclosed in the financial statements are based on a systematic apportionment process on the basis of principles deposited and withdrawn. The Board notes that the United Nations has started to disclose a greater level of detail on the profile of cash pools between cash, short-term and long-term investments and by pool type in note 13.

80. **The Board recommends that the Administration review the disclosures in future financial statements with a view to providing more detailed commentary on the reasons for the increased holdings of investments and cash pools.**

81. The Administration did not agree with this recommendation because it considers that current disclosures are adequate. The Board, however, considers that further disclosures are necessary and will continue to discuss this matter with the Administration in 2012-2013.

6. Trust fund and project management

82. The United Nations has 370 general trust funds and technical cooperation activity funds recorded in volume I. The Board reviewed the technical cooperation trust funds included in the financial statements of the United Nations to identify inactive funds[5] to determine the reasons for those trust funds remaining open. Inactive trust funds may indicate a lack of management capacity to programme and deliver planned activities, or may indicate a need to reprogramme activities with donors. There are also risks in retaining inactive trust funds:

- Funds could be potentially misused or diverted for purposes failing to meet the original intentions of the donor.
- Funds which are unused and for which there is no further use could be utilized more effectively by the donor.
- Donors may be more willing to fund future projects if their funds are seen to be utilized effectively and, when no longer required, returned to them.

83. From a total of 202 technical cooperation funds recorded in volume I, the Board found that 32 funds were inactive, representing a total cash balance of $201,000. Of the 32 inactive funds as at 31 December 2011, 19 had also been

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[5] The Board considers funds to be "inactive" if no expenditure or income has been recorded in the biennium except for interest income.

inactive at 31 December 2009. The Administration informed the Board that four of those funds were closed in 2012; 12 were awaiting final settlement with the United Nations Development Programme and the remaining three are "under review" for closure. There is no indication of when funds becoming inactive in 2010-2011 will be closed.

84. The Board also noted that from a total of 168 general trust funds recorded in volume I, 32 funds were inactive, representing a total cash balance of $23.6 million. Of the 32 inactive funds as at 31 December 2011, 18 had also been inactive at 31 December 2009; the Administration informed the Board that 10 funds would be retained and the remaining 8 were in the process of closure. There is no indication of when funds becoming inactive in 2010-2011 will be closed.

85. The Administration was unable to explain why the inactive funds have remained open other than that there may be some (unevidenced) prospect of future activity. Senior management at Headquarters is not provided with regular management information on the status of those funds, which are locally managed, and as such it has limited control or visibility over those funds.

86. The Office of Programme Planning, Budget and Accounts noted that "The issue of closure of trust funds is under regular review and follow-up with offices. The closing of trust funds is also subject to the response/agreement from a donor country to the Administration's request to close the trust fund. Some donors do not respond on time, thereby causing a delay in the process."

87. **The Administration agreed with the Board's reiterated recommendation that it strengthen the internal controls over inactive trust funds and expedite the closing of those funds.**

Incorrect recognition of donor pledges by the Office for the Coordination of Humanitarian Affairs

88. The Board found that donor contributions to the Office for the Coordination of Humanitarian Affairs pledged for 2012-2014 amounting to $186,232,006 had not been recorded as of 31 December 2011, leading to both deferred income and accounts receivable being understated by just over $186 million. Such a significant omission is potentially misleading to the readers of the financial statements, and consequently the Administration agreed to make appropriate accounting adjustments. Following the audit, the Administration made adjustments to the financial statements accordingly.

89. **The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs undertake a review of its system for recording and accounting for pledges to ensure that sufficient controls are in place to account for pledges in a timely manner in order to ensure the completeness and accuracy of the associated disclosures in the financial statements.**

90. The Office for the Coordination of Humanitarian Affairs informed the Board that it has documented and circulated a new process to record donor pledges for future years at the time of receipt of the pledge.

7. Procurement and contract management

Contract management

91. Contract management is the process of managing vendors to deliver goods and services in line with contracted terms. Good contract management can result in financial savings, improvements in the quantity and/or quality of goods and services, the avoidance of service failure, and better management of risk.

92. As at 31 December 2011, the United Nations was managing 205 active contracts across its headquarters, with a combined value in excess of $2.6 billion (table II.1). The importance of good contract management, however, goes beyond the $2.6 billion worth of contracts the Organization manages. The United Nations contracts for goods and services because it identifies them as necessary to successfully deliver its objectives. If contracted goods and services are not delivered in time and to standard, then not only is the value for money of the contract compromised, but the delivery of the related operational objectives is put at risk.

93. The procurement process is outlined in figure II.II. Contract management is the responsibility of the requisitioning department for the specified goods, works or services; however, the actions of the Procurement Division, particularly in structuring the contracts, have a significant and far-reaching impact on the ability of requisitioners to fulfil this role successfully.

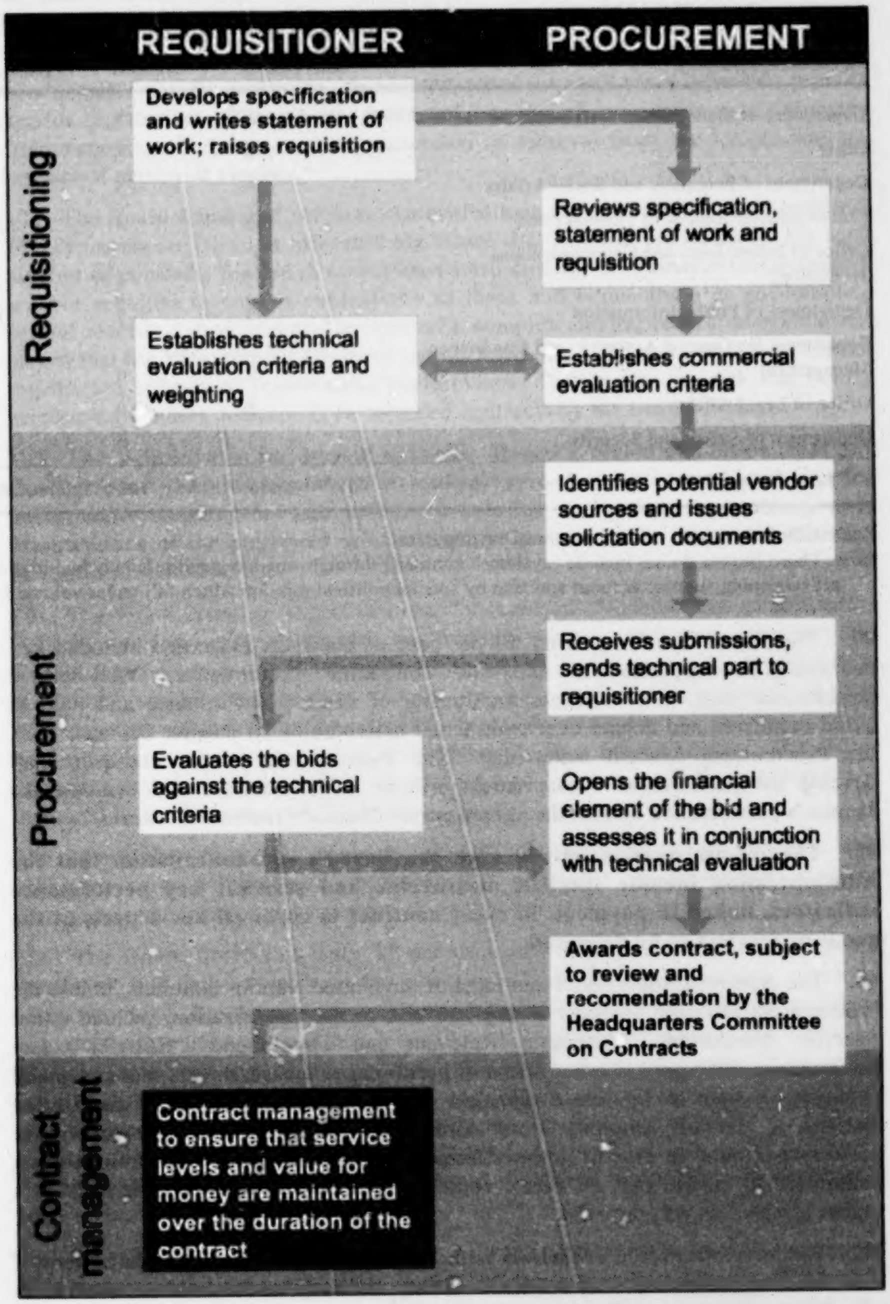
94. The Board found that 54 per cent of contract managers had not undertaken any training in contract management, creating the risk that those responsible for delivering best value from the United Nations $2.6 billion worth of contracts lack the skills and experience to do so.

95. **The Administration agreed with the Board's recommendation that it require all staff to have undertaken contract management training prior to taking up contract management responsibility. Such training should cover key aspects of contract management such as contract administration, vendor relationship management, risk management, and performance evaluation and management.**

96. The Administration stated that online training on procurement and contract management is available to all United Nations staff, and that it is the responsibility of requisitioning departments to ensure that staff with contract management responsibilities have undertaken relevant training. The Procurement Division is currently in the process of developing an additional online training module on contract management.

Figure II.II

The procurement process


REQUISITIONER
PROCUREMENT
Requisitioning
Develops specification and writes statement of work; raises requisition
Reviews specification, statement of work and requisition
Establishes technical evaluation criteria and weighting
Establishes commercial evaluation criteria
Procurement
Identifies potential vendor sources and issues solicitation documents
Receives submissions, sends technical part to requisitioner
Evaluates the bids against the technical criteria
Opens the financial element of the bid and assesses it in conjunction with technical evaluation
Awards contract, subject to review and recomendation by the Headquarters Committee on Contracts
Contract management
Contract management to ensure that service levels and value for money are maintained over the duration of the contract

Source: The Board's presentation of responsibilities set out in the *United Nations Procurement Manual* (revision 6, March 2010).

Table II.1

Active United Nations contracts under volume I as at 31 December 2011

Requisitioning department	*"Not to exceed" value (Millions of United States dollars)*	*Percentage by value of contracts*	*Number of contracts*	*Percentage by number of contracts*
Department of Management	2 040	78	130	63
Other	136	5	6	3
Department of Economic and Social Affairs	135	5	3	1
United Nations Joint Staff Pension Fund	116	4	30	15
Office of Information and Communications Technology	107	4	5	2
Department of Public Information	59	2	11	5
Department for General Assembly and Conference Management	9	0	6	3
Office of Legal Affairs	5	0	8	4
Department of Safety and Security	3	0	6	3
Total	**2 610**	**100**	**205**	**100**

Source: Board analysis of Procurement Division data.

Note: These figures do not include "systems" contracts through which expenditure may be incurred under the peacekeeping support account and also by special political mission which fall under volume I.

97. The Board found that only 50 per cent of contracts examined included key performance indicators to measure contractor performance. Well-defined performance indicators facilitate monitoring of vendor performance and help to avoid confusion and debate over contractual deliverables. In chapter 15, sect. 15.2, the Procurement Manual states that "The Requisitioner and/or end-user shall develop the performance measurement criteria ... and monitor and evaluate the Vendor's performance against the agreed performance measurement criteria."

98. **The Administration agreed with the Board's recommendation that the Administration include specific, measurable and relevant key performance indicators, linked to payment, in every contract to cover all key aspects of the goods or services to be delivered.**

99. The Administration stated that most of the United Nations contracts, unless the Procurement Division assesses a very low risk to the Organization, include either Specific, Measurable, Attainable, Relevant and Time-bound ("SMART") key performance indicators or other forms of performance measurements that are linked to payment, such as liquidated damages for late deliveries, rights of the United Nations to set off amounts from contractors invoices or redeem upon the performance bond in case of non-performance by a contractor. The Administration committed to ensure that all future contracts include key performance indicators unless assessed as very low risk.

100. Vendor performance evaluation is the evaluation of the vendor's fulfilment of contracted requirements with regard to quality, delivery and timeliness, as well as all other performance indicators regarding the promised goods, services or works. The Procurement Manual states, in chapter 15, sect. 15.13, that the Procurement

Division, "in cooperation with the Requisitioner and/or end-user, shall ensure that adequate Vendor Performance evaluation is conducted and reported in a timely manner in order to document future decisions on the contract and Vendor".

101. Requisitioners and/or end users are responsible for the timely completion of vendor performance evaluation reports. Procurement staff are required to provide vendor registration officers with details of non-compliance or poor performance from vendors, which can lead to suspension or removal from the United Nations register of approved vendors.[6]

102. The Board found that performance evaluations are not consistently completed. The Procurement Division informed the Board that it could not establish the total number of contracts for which evaluations were missing because contract managers are not required to submit evaluations to them and hence there is no complete central record of evaluations. The lack of a complete central record of evaluations means that the Procurement Division cannot fulfil its requirement to inform vendor registration officers of poor vendor performance. This creates the risk that poorly performing vendors continue to be awarded contracts by the United Nations.

103. **The Administration agreed with the Board's recommendation that the Procurement Division maintain a central record of all completed vendor performance evaluations and follow up overdue evaluations to enable proper maintenance of the approved vendor register and facilitate improved selection of vendors invited to bid.**

104. The Administration stated that the Procurement Division has established a central repository for all vendor performance reports that are submitted for Headquarters contracts and vendors, but lacks the authority to compel requisitioners to submit vendor performance reports. It will send a memorandum to the requisitioning departments to remind contract managers to submit vendor performance reports to the Procurement Division in a timely manner. The Board considers that the issue of timely submission can be more actively monitored and managed by the Procurement Division.

105. Identifying high-risk contracts allows an organization to improve both efficiency and effectiveness by focusing resources (procurement, contract management and senior management) on the highest risk contracts.

106. The Board noted that only 17 per cent of contracts have risk management strategies, and only 4 per cent have appropriate mitigating actions in place for identified risks. The Administration does not have an overview of the risk profile of contracts either across the United Nations or at a departmental level and so cannot actively focus resources on the contracts which carry the greatest risk. There is also no formalized risk escalation route to keep senior management aware as significant contract-related risks become more probable or to enable early action to mitigate the risk or minimize impact. That increases the probability of contract failure and hence the probability of cost increases and delay or failure in the delivery of operational objectives.

107. **The Board recommends that the Administration immediately assign and communicate clear responsibility to contract managers for: (a) identification of contract risks; (b) assessment of the impact (including probable costs) and**

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[6] United Nations Procurement Manual, revision 6, chap. 7, sects. 7.0 and 7.01.2.

likelihood of a risk materializing; (c) identification and implementation of actions to manage or mitigate the risk; and (d) continued monitoring of risks as they evolve throughout the life of the contract.

108. **The Board also recommends that the Administration establish oversight of the risk profile of either the whole population of contracts or groups of contracts so that it can assure itself that: (a) contract management resources are appropriately focused on the highest risk contracts; and (b) high-risk contracts are managed at the appropriate level.**

109. **The Board further recommends that the Administration, either through a central function or within individual requisitioning departments, establish a clear escalation process to senior management for significant contract risks whereby senior management is kept aware as significant risks become more probable and can act quickly in order to mitigate the risk or minimize its impact.**

Competitive tendering

110. As a general principle set out in article V.C of the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7), procurement contracts should be awarded on the basis of effective competition and formal solicitation. The Under-Secretary-General for Management may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of the United Nations, in circumstances including:

- When there is no competitive marketplace for the requirement;
- When there has been a previous determination or there is a need to standardize the requirement;
- When offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;
- When, within a reasonable prior period, a formal solicitation has not produced satisfactory results;
- When there is an exigency for the requirement;
- When the value of the procurement is below the monetary threshold established for formal methods of solicitation.

111. The Board reviewed the United Nations Headquarters Procurement Division's records of all contracts over $300,000 in value which were processed without competitive tendering (contracts over $300,000 in value represented 99.7 per cent of total Headquarters procurement spent on new contracts in the biennium). In the 2010-2011 biennium, 32 (55 per cent) of such contracts were processed without competitive tendering. That represented a combined value of $131.7 million (14 per cent) of such contracts by value. Of these:

- Fourteen contracts, with a value of $91.6 million, were renewals of previous insurance contracts. The Administration informed the Board that these contracts were purchased through an insurance broker, which undertook the competitive portion of the tendering process on behalf of the United Nations.

- Nine contracts, with a value of $18.9 million, related to information technology equipment. The Administration informed the Board that the purchases had been standardized in order to secure increased value for money.
- Five contracts, with a value of $14.6 million, related to leases for buildings. The Administration informed the Board that a market survey conducted prior to award is the competitive portion of the tendering process.

112. The Board undertook a detailed sample review of procurements at UNON and UNOV and found a lack of competitive procurement:

(a) In UNOV, one case where delays in finalizing the terms of reference for the procurement of high-volume photocopiers led to an existing contract being extended by 14 months despite the Procurement Section reminding the requisitioner of the need to begin the process well in advance of the contract expiry date. The additional cost to the requisitioner was some $42,000;

(b) In UNON, of 147 purchase orders processed between 1 May 2011 and 30 August 2011, 66 (45 per cent) applied waivers (20 per cent by financial value) and so were awarded on a non-competitive basis.

113. Entering into contracts on an ex post facto basis creates a risk of over-payment of contracts, or contract award or extension without the required competition. There is also a risk that contracts are entered into without standard United Nations contract conditions being in place, which could expose the organizations to liabilities or unnecessary payments.

114. The Board notes that in the 2010-2011 biennium, there were 21 contracts approved or extended on an ex post facto basis at United Nations Headquarters where the related goods or services had been fully or partially received before issuance of a formal contract.

115. In UNON, the Board examined three cases which had been awarded on an ex post facto basis (one originating from each of UNON, UNEP and UN-Habitat) and found that, in all three cases, some form of contract, contract extension, or additional contract expenditure had been committed without the UNON Procurement Section's involvement. This is not in line with the Financial Regulations and Rules of the United Nations. UNON has established procedures to monitor such occurrences and intends to report them to senior management of the three organizations on a regular basis.

116. **The Administration agreed with the Board's recommendation that it strengthen its oversight of competitive procurement by: (a) more robustly challenging the need for contract renewals, use of waivers and ex post facto approval; and (b) utilize its contracts database to flag up when contracts are approaching key trigger points, such as termination, and actively remind requisitioning departments that timely action is needed; and (c) identify which departments are routinely using waivers and ex post facto approvals and engage with them to improve their procurement planning.**

117. The Procurement Division of the Secretariat stated that it continues to work with requisitioners through: (a) training; (b) the new Contract Administration Tracking System (CATS); and (c) the monthly automated reports issued to the requisitioners in order to minimize ex post facto cases.

Procurement at UNON and UNOV

118. Both the United Nations Office at Nairobi and the United Nations Office at Vienna undertake procurement for themselves and for clients located on-site; UNON for UNEP and UN-Habitat, and UNOV for UNODC.

119. In the 2010-2011 biennium, UNOV dealt with 693 requisitions, with a total value of $32 million. UNON was unable to provide the Board with the number of requisitions or value but during 2010-2011, UNON raised 3,057 obligations to vendors, with a total value of $99 million.

Delegations of authority

120. Records of delegations of authority, which set out limits of authority to procure goods and services on behalf of clients, were not up to date at UNOV. The Procurement Section and requisitioners may therefore be unclear about the value of transactions which the Section is authorized to process. That creates a risk that the procurement sections within UNON and UNOV may process transactions that they are not authorized to carry out.

121. **UNOV agreed with the Board's recommendation that all procurement delegations be brought up to date and clearly communicated to all relevant staff.**

122. UNODC subsequently provided the Board with scanned copies of the updated delegations, which indicate that all of the delegations had been updated by early April 2012. The Board will continue to monitor the situation in the next biennium to see that the issue is fully resolved.

123. Since its establishment, UNON has been performing procurement functions on behalf of UNEP and UN-Habitat and on its own behalf. However, in recent years, the organizations have disagreed about aspects of delegated procurement authority, particularly whether UNEP and UN-Habitat are obliged to channel procurements through UNON. OIOS and the Office of Legal Affairs have also expressed concerns that the delegated authority granted to UNON may not provide the basis for procurement on behalf of UNEP and UN-Habitat under the current Financial Regulations and Rules.

124. This lack of clarity causes difficulties for the Procurement Section in terms of, for example, procurement planning, compliance and performance monitoring. Further, UNEP has recently issued procurement delegations to its own staff in Nairobi. The Board considers that this risks unnecessary duplication of functions within both UNON and UNEP, and potential inconsistencies in the application of any procurement rules where there is scope for discretion or interpretation, for example, use of waivers.

125. In its interim audit report, the Board reported that, despite OIOS recommendations to address those issues, the matters remained unresolved. The Board notes that UNON, UNEP and UN-Habitat have engaged with the Department of Management to clarify this issue, but at the time of reporting the matter remained unresolved.

126. While the Board did not find any evidence of confusion or disagreement at UNOV, it is possible that similar underlying issues exist, and may also exist at the United Nations Office at Geneva.

127. The issues with delegations of authority highlighted above indicate that governance over United Nations procurement activities needs to be strengthened to provide clarity and resolve such situations in a timely manner.

128. **The Board recommends that the Department of Management urgently clarify the authority of the United Nations Office at Nairobi for undertaking procurement on behalf of UNEP and UN-Habitat.**

129. The Administration did not agree with the Board's recommendation and stated that in April 2012 the Assistant-Secretary-General of the Office of Control Support Services has led an independent review team to consider the administrative structure of UNON, UNEP and UN-Habitat, including the governance of procurement. The review team's recommendations have not been fully accepted and remain under discussion.

130. **The Administration agreed with the Board's recommendation that the Department of Management review the delegations granted to UNOV and UNOG, to ensure that delegated procurement authority is sufficiently clear.**

131. The Administration stated that it will review the current practices of conducting procurement functions on behalf of other entities and update the delegations granted to UNON and UNOV as applicable.

Performance monitoring and management in procurement

132. Systems for recording, monitoring and managing procurement requests were not adequately developed. The Board found that the information technology systems of United Nations Office at Nairobi to support procurement are not integrated, and cannot provide the Procurement Section with the information it needs to plan, manage, monitor and evaluate its procurement performance. For example, the systems do not allow the Section to:

(a) Track and monitor requisitions through the entire procurement process (including the time taken at each stage);

(b) Identify the number, type, frequency, type and value of requests processed.

133. The UNOV procurement system contains detailed information on processing time, and the value and number of requests, but it is not possible to easily extract performance data from the system. For example, the following basic performance information is not routinely monitored or easily accessible:

- The number of waivers (departures from the standard procurement route)
- Breakdown of requests by originating section
- Breakdown of requests between Headquarters and field offices
- A listing of current and completed procurements by value
- A breakdown of number of requests handled by team members, by year
- The time taken to complete procurements, including average times.

134. **UNON and UNOV agreed with the Board's recommendation that they enhance their procurement performance data by defining their information needs and implementing enhancements to systems; as a minimum, these should**

allow the procurement sections to group and analyse their caseloads by number, nature, value and complexity of requests, and by originating section, including field offices.

135. Both UNON and UNOV had implemented a number of improvements at the time of the Board's final audit, with plans to make further improvements.

136. The Board considers that, taken together, the findings on procurement and contract management highlight a wider problem. With procurement functions dispersed between the various entities under volume I and responsibility for contract management pushed down to requisitioning departments, there is a lack of focus within the United Nations on seeking greater strategic value from procurement activities as a whole and in developing and getting the most from active management of commercial relationships with major suppliers.

8. Programme planning and performance reporting

137. It is vital that publicly funded organizations have reliable and effective systems in place to measure outcomes, establish accountability and demonstrate value for money. In December 2000, the General Assembly decided to adopt "results-based budgeting" in the United Nations (see resolution 55/231). Results-based budgeting aims to directly connect resource allocation to specific, measurable results and thereby use budgets to drive progress and leverage accountability. Results-based budgeting is a subset of results-based management, which goes significantly beyond the budgeting process and involves an organization's ensuring that everything it does, all of its processes, products and services, contribute to the achievement of desired results.

138. The Board has considered implementation of results-based budgeting in previous reports and found that the current process is a long way from allowing improvement of the effectiveness and efficiency of the Organization; and that there were many structural, deep-rooted obstacles to changing the results-based budgeting system as currently designed and implemented (see A/65/5 (Vol. I), chap. II.B, sect. 13). We have now broadened the focus of our work to a higher level consideration of programme planning and performance reporting.

139. Programme planning is the process by which an organization formulates its objectives and sets its programme of work to meet those objectives. Performance reporting is the mechanism by which an organization monitors progress towards achieving its objectives. Effective programme planning and performance reporting enable an organization to set appropriate goals and put in place effective plans to achieve them. Those processes should also enable an organization to measure outcomes, assess whether it is using its resources effectively, and hold people to account for the effective use of those resources.

140. The Board examined whether the United Nations has a sound framework for programme planning and performance reporting which is operating effectively. We examined three programme areas to gain a representative picture of programme planning and performance reporting, rather than to highlight concerns specific to each programme area. The programme areas examined were the Department of Political Affairs, the Department for General Assembly and Conference Management and the Office of Human Resources Management.

141. The Board concludes that the United Nations process of programme planning does not effectively align operational workplans with the Organization's strategic goals, and risks setting objectives which are out of date. None of the 85 indicators of achievement reviewed as part of our audit were focused on outcomes and 21 per cent did not clearly relate to the expected accomplishment they were supposed to address. While acknowledging that it is not always easy to define outcome-based indicators, this lack of focus on outcomes, combined with very limited consideration of programme performance information against financial performance information, means that the United Nations is unable to robustly assess whether it is using its resources effectively, and that leads to weakened accountability. Many of the issues highlighted in our work were also noted in an OIOS report of September 2008 (A/63/268).

142. The United Nations does not assess how well it has achieved its intended objectives because programme planning and reporting is not focused on outcomes. While recognizing that it is not always easy to define outcome-based indicators, the Board noted that none of the 85 indicators of achievement[7] reviewed as part of its audit were focused on outcomes. Instead they were indicators focused on low-level output which monitor the completion of a certain number of activities rather than measuring whether the activities are having any benefit to users or beneficiaries (table II.2).

Table II.2

Examples of the lack of outcome focus in the Strategic Framework

Objective of the United Nations	*Expected accomplishment*	*Indicator of achievement*	*Comments*
Department of Political Affairs — To maintain international peace and security through prevention, control and resolution of conflicts by peaceful means.	Improved capacity and capability of Member States to identify, prevent and address conflict situations.	100 per cent response to all requests of Member States and regional organizations for preventive action.	**The indicator of achievement considers whether there was a response but not the quality or outcome of that response.**
Department for General Assembly and Conference Management — To ensure effective multilingual communication among representatives of Member States at intergovernmental	Quality and cost-effectiveness of interpretation, verbatim reporting, text-processing and publishing services.	Increased utilization of internal printing capacity.	**The indicator of achievement focuses on increasing the volume of output but does not consider what the outcome of doing so is.**

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[7] The United Nations Strategic Framework contains the Organization's aims for each biennium. It is structured in terms of high-level objectives that are underpinned by "expected accomplishments", which are things that should happen to ensure that the objective is achieved. Underpinning each expected accomplishment is a set of performance indicators called "indicators of achievement". Across the United Nations programme areas there are around 700 expected accomplishments, each of which has up to three indicators of achievement.

Objective of the United Nations	*Expected accomplishment*	*Indicator of achievement*	*Comments*
organs and members of expert bodies of the United Nations, taking into account the principle of equal treatment to be given to all established official languages in each organ of the Organization.			
Office of Human Resources Management — To elaborate a strategic framework on human resources through policies and planning designed to realign the workforce profile of the Secretariat to meet evolving organizational needs while promoting increased transparency, responsibility and accountability, to establish benchmarks and to improve conditions of service to attract and retain staff.	Improved human resources planning.	Increased number of departments/offices that achieve at least 70 per cent of their objectives in departmental human resources action plans.	**The indicator of achievement considers whether or not departments/offices have achieved their objectives, but does not consider what outcomes were achieved through meeting their stated objectives.**

143. The chain from high-level objectives to the planned actions to achieve those objectives is disjointed, meaning that resources may not be focused on activities which address the core strategic aims of the United Nations. The Board's analysis of strategic frameworks found that 21 per cent of the indicators of achievement we reviewed (18 of 85) did not clearly relate to the expected accomplishment they were supposed to address (table II.3):

Table II.3

Examples of disjointed chains from high-level objectives to indicators of achievement

Objective of the United Nations	*Expected accomplishment*	*Indicator of achievement*	*Audit observation*
Department of Political Affairs — To promote the decolonization process in accordance with the Charter of the United Nations and	The Special Committee and the General Assembly will be able to carry out their decolonization	100 per cent of parliamentary documents are submitted within deadlines	**The indicator of achievement does not reflect whether progress has been made towards the expected**

Objective of the United Nations	*Expected accomplishment*	*Indicator of achievement*	*Audit observation*
relevant resolutions of the General Assembly for the 16 remaining Non-Self-Governing Territories so as to bring about the complete eradication of colonialism.	mandates and make progress in the decolonization process of the 16 remaining Non-Self-Governing Territories.		**accomplishment and is largely irrelevant to the objective.**
Department for General Assembly and Conference Management — To optimize utilization of the capacity of meetings and documentation services in a globally coordinated manner.	Increased utilization of meetings services allocated to intergovernmental and expert bodies and special conferences in accordance with resolutions, rules and established language arrangements.	Increased percentage of meetings of "as required" bodies provided with interpretation services.	**The indicator of achievement is largely irrelevant to the objective and the expected accomplishment.**
Office of Human Resources Management — To improve and enhance the development, implementation, application and coordination of human resources management strategies, policies and programmes throughout the Secretariat.	The programme of work is effectively managed.	Percentage of expenditure compared to funds available (target: 100 per cent).	**The indicator of achievement is largely irrelevant to the objective and the expected accomplishment. Utilization of funding is not a measure of efficiency.**

144. The Board notes that in paragraph 27 of its resolution 66/257, the General Assembly regretted that the Secretary-General's report of February 2012 entitled "Progress towards an accountability system in the United Nations Secretariat" (A/66/692) did not address the issues of results-based management and performance reporting, as the Assembly had requested. In paragraph 29, the Assembly requested the Secretary-General to continue to take appropriate measures to accelerate the implementation of results-based management and to include, inter alia, in his next report concrete measures on how the Organization would shift the focus of its accountability from the delivery of outputs to the delivery of results.

145. The Administration agreed with the Board's recommendation that it: (a) develop more outcome-focused objectives and indicators of achievement; (b) establish clear chains from indicators of resource use and activity, through indicators of output to achievement of high-level objectives; and (c) make subparagraphs (a) and (b) above a clearly articulated responsibility of the Under-Secretary-Generals for their respective departments.

146. The Administration noted that the strategic frameworks for 2014-2015 had been finalized through a series of working sessions with all respective senior programme managers. The Administration stated that the overriding objective of that effort was to make the frameworks more useful as a management tool and convey a meaningful message about the impact or results of each programme. Observable improvements have been aggregated, quantified and shared with the Committee for Programme and Coordination, which reviewed the framework at its fifty-second session in July 2012. The General Assembly will consider the Committee's report (A/67/16) at the main part of its sixty-seventh session in September 2012.

147. The Board notes that the strategic framework is developed three years in advance of the biennium that is being planned. Once the strategic framework is approved, the planned activities are effectively finalized and so are in danger of being overtaken by events by the time they are due to be delivered. The programme planning process of the United Nations could therefore result in objectives being set which are out of date by the time the period of implementation arrives.

148. **The Board recommends that the Administration present the General Assembly with proposals to simplify the programme planning process, and realign the timing of the agreement of the strategic frameworks so that they reflect the Organization's current priorities.**

149. The Administration did not agree with the Board's recommendation and stated that a change in the programme planning process is currently not being pursued, as the current process is designed for building consensus among the 193 Member States, translating legislative mandates into programmes, planning and budgeting, and monitoring and evaluation. The logical framework represents the outcome/position arising from the legislative review by the various sectorial, functional and regional intergovernmental bodies, the Committee for Programme and Coordination and the General Assembly. The Board, however, remains of the view that it is essential that the strategic framework, which sets out the Organization's aims for each biennium, is current and relevant. For this reason, the Board considers that the Administration should work to improve current processes and the Board will continue to examine this issue going forward.

150. The United Nations is unable to robustly assess whether it is using its resources effectively because there is very limited consideration of programme performance information against financial performance information. A measure of effectiveness used in the programme performance report[8] and other performance reports is the budget implementation rate, which is the percentage of the budget that the department has actually spent. While this might be a useful statistic if it were considered alongside other financial and performance information, the degree to which this indicator is relied upon in the United Nations runs the risk of creating a perverse incentive for departments to spend unnecessarily or inefficiently to achieve a high implementation rate.

151. The Board is aware that arrangements for budgetary and performance reporting by the Administration to those charged with governance have evolved over

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[8] For example, in the Secretary-General's "Programme performance report of the United Nations for the biennium 2010-2011" (A/67/77), budget implementation is discussed, as an indicator of efficient and effective utilization of resources, in paragraphs 155, 807 and 938.

time and are defined by existing legislation. Nevertheless, the Board considers that the limited analysis by senior management of well-integrated performance and financial information makes it very difficult to judge what expenditure has been incurred to deliver progress, activities, outputs and outcomes. That undermines accountability and constrains management's ability to identify ways in which to improve cost-effectiveness. Besides the fragmented reporting, this points to the absence of any methodologies or systems to help management measure the costs of delivering activities.

152. While the Board acknowledges that senior management in the United Nations has attempted to analyse institutional performance, the Administration itself acknowledges that performance reporting is weak. The Board considers that performance reporting information is not used effectively to inform decision-making or to drive accountability. We have found no evidence of the programme performance report[9] being used in any significant way to drive improvements in the United Nations. The report is too long and lacks any analysis, such as graphics and trend data, to highlight the key issues which the data evidences.

153. **The Board recommends that the Administration include an executive summary in its programme performance report, or produce one as a separate document, in order to give a concise summary of the key issues which the data evidences.**

154. The Administration did not agree with the Board's recommendation and stated that the programme performance report is submitted for the consideration of the Committee for Programme and Coordination as one report; there was no need to prepare a separate document to provide a concise summary of key issues, which would result in an additional document to be considered by the intergovernmental bodies with no added value. The Administration considered that the report does provide an overview of key results achieved by the United Nations as well as a summary on delivery of outputs and resource utilization which serve the same purpose as an executive summary. The Board remains of the view that the overview and summary currently included in the programme performance report does not provide appropriate analysis or highlight the key messages evidenced by the data in the report.

155. **The Administration agreed with the Board's recommendation that it consider how it can better integrate financial and performance reporting, at all levels in the Organization, and build that into its thinking about the design and implementation of the new enterprise resource planning system (Umoja), and as part of realizing the benefits from both Umoja and the improved information that will be provided through adoption of IPSAS.**

156. No senior manager has been assigned responsibility for delivering results-based management. In March 2010, in paragraph 25 of its resolution 64/259, the General Assembly "encouraged the Secretary-General to assign the responsibility for the successful implementation of results-based management methodology

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[9] The programme performance report is a biennial report that assesses progress against the Organization's objectives and expected accomplishments. Each programme plays a role in developing the programme performance report by providing the Policy and Oversight Coordination Service within the Department of Management with information about its progress towards its objectives. This information is collated and then presented to the Committee for Programme and Coordination.

throughout the Secretariat to a relevant member of his senior management team, and to communicate this assigned responsibility to all stakeholders as a matter of priority". That has not happened and remains a major barrier to the strengthening of accountability within the United Nations.

157. **The Administration agreed with the Board's recommendation that it assign specific responsibility for the successful implementation of results-based management methodology throughout the Secretariat to a relevant member of the senior management team.**

158. The Administration noted that this will be addressed in the context of the Secretary-General's next report on accountability, which will be submitted for Member States' consideration in March 2013. The Board welcomes the Administration's agreement but considers, however, that this is a key issue which should be addressed with greater urgency.

D. Governance, accountability and business transformation

159. Governance is the system of rules and regulations and related bodies by which an organization is operated and controlled. A strong governance system improves transparency and accountability, and supports the achievement of an organization's objectives. Establishing a strong system of Secretariat governance in the United Nations is essential if Member States are to have the assurance that funding and resources are used effectively and appropriately. Three key aspects of governance relate to accountability, the internal control framework and risk management, and the Board has through its work identified deficiencies and concerns in all three aspects within the United Nations, which it comments on below.

160. Strong and effective Secretariat governance is also fundamental to successful business transformation. The Board has examined and reported on the problems and issues being experienced in major United Nations business transformations. The Board considers that many of the problems point to weaknesses in Secretariat governance which it again comments on below.

Accountability

161. The Administration is accountable to the General Assembly for the use of its resources. Senior managers are personally responsible for the spending of public money and must be given, and be willing to exercise, the authority that all funds allocated to their part of the organization are spent properly and with due regard for value for money. The Board considers that where funding is provided to another body senior managers should be responsible for ensuring that there is an appropriate framework in place to provide the necessary assurances and controls.[10]

162. The Board considers that an effective system of accountability requires that:

- Responsibilities and authority for policy and operational decisions are clear throughout the entire delivery chain, from United Nations Headquarters to individuals operating in the field.

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[10] Assurances should cover: that the funding has been spent with propriety and for the purposes intended by the General Assembly; whether value for money has been achieved; whether the bodies concerned are financially resilient; and how to respond to any failure to ensure that funding is protected and Member States' interests are served.

- There is a clear process for measuring outcomes and evaluating performance and demonstrating value for money, which in turn allows senior managers to be held to account.
- All bodies receiving United Nations funding are well governed and have robust financial management arrangements in place and are subject to the full range of external and internal audit.

163. While the Administration set out its fundamental elements of accountability in January 2010 (see A/64/640), and the General Assembly endorsed a definition of accountability in March 2010 (resolution 64/259), the Board is concerned that progress in embedding an effective accountability system remains limited. In February 2012, the Secretary-General reported (see A/66/692) the progress in implementing Assembly resolution 64/259 entitled "Towards an accountability system in the United Nations Secretariat". In the report, the Secretary-General noted that strengthening accountability was a work in progress, but he highlighted several initiatives that the Administration had undertaken:

- Launch of an intranet website dedicated to the subject of accountability, early in 2011
- A review of the delegation of authority for human resources, and for financial and property management
- Introduction of a data-driven and goal-focused human resources management scorecard
- Reform of the performance appraisal system
- Promulgation and testing of a policy for the Secretariat-wide implementation of enterprise risk management.

164. The Advisory Committee on Administrative and Budgetary Questions noted, in its relevant report (A/66/738, para. 5), that the Secretary-General's report (A/66/692) provided few details on the accountability measures themselves and did not set out the timetable for their implementation or how the effectiveness of the actions would be measured. In paragraph 6 of its resolution 66/257, the General Assembly requested the Secretary-General to develop, as a priority, a clearly defined and well-documented plan that included clear objectives, responsibilities and a timeline for accomplishing the specific actions he was undertaking to strengthen accountability.

165. The Board shares the concerns of the Advisory Committee on Administrative and Budgetary Questions and the General Assembly with regard to Secretariat accountability. The Board considers that clarity over roles, accountabilities and reporting lines could be enhanced; and that the current arrangements are not always operating effectively within the United Nations, undermining management's oversight of, and accountability for, the cost-effective use of resources. We noted, for example, the absence of clear and effective governance and accountability arrangements for major business transformation programmes. We noted that performance reporting is not outcome focused or integrated with financial performance reporting, and as such is not an effective tool to measure value for money or enhance and drive accountability (see section C.8 above). Also, as noted earlier in the present report, there were weaknesses in gaining assurance over the use of funds provided to third parties (see section C.3 above). The Board will review the Administration's progress in responding to the General Assembly's requests in the current biennium.

Internal control framework

166. The internal control framework is the system by which an organization's structure, work and authority flows, people and management information systems are designed to help the Organization to accomplish specific goals or objectives. It is a means by which resources are directed, monitored and measured. It plays an important role in preventing and detecting fraud and protecting the Organization's resources. At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (for example, ensuring the Organization's payments to third parties are for valid services rendered).

167. The Secretary-General has overall responsibility for the proper operation of the United Nations internal control framework. The Organization's financial and other rules, regulations and procedures are key to discharging this responsibility and should provide for proper stewardship and accountability for how resources are used.

168. The Board noted that the Administration relies heavily on low-level controls governing financial transactions embedded within its core systems such as IMIS, and in particular the manual certification and approval of individual transactions requiring significant management time. While we have not identified material failure in the operation of internal controls, we continue to observe a range of deficiencies such as poorly defined delegated authorities for procurement and contract management, weak stewardship of assets and inventory, and lack of proper oversight of funds provided to third parties.

169. More importantly, the Board also noted an absence of higher level controls such as routine and regular financial management information available for managers at all levels to enable active monitoring and control overexpenditure. As a result, accountability is less demonstrable as management does not have the tools to assess and challenge performance; and effective financial and operational management is compromised as decision-making is less well informed. The Board also observed that the internal control framework is not well documented; it is scattered throughout various documents, memorandums and guidance.

170. The Board considers that the United Nations would benefit from a governance mechanism to bring together an assessment of how effective internal controls are across the Organization. The first steps would be to map out and document the internal control processes and to test staff and management's understanding of their responsibilities and accountabilities under the internal control framework. The Board considers that such an exercise would enable the Administration to consider introducing in each accounting period evidence-based statements from senior managers on the effectiveness of internal control processes within their area of responsibility. It would also help to identify any weaknesses which exist in the internal control system within the Organization.

171. **The Administration agreed with the Board's recommendation that, to provide assurance that the system of internal control is understood and operating as expected, it: (a) document the internal control framework; and (b) consider developing a management assurance system which requires managers at all levels to periodically provide senior management assurance on**

the effectiveness of internal controls in their sphere of control to test both understanding and compliance at all levels.

172. The Administration stated that it plans to introduce further mitigation of risks by defining detailed action plans and identifying risk owners, which will critically contribute to the establishment of an effective internal control framework throughout the Organization, at a very operational level.

Risk management

173. A key aspect of effective governance is the identification, mitigation and management of risk. The Board acknowledges that the Administration is committed to establishing an organization-wide risk management approach. In February 2012, the Administration presented its enterprise risk management and internal control policy to the General Assembly (A/66/692) and has developed a methodology which describes the steps it intends to follow to implement the policy. The Administration notes that:

- The Under-Secretary-General for Management will serve as the high-level official responsible for leading this effort in the Secretariat.
- Responsibility for the effective implementation of risk management and internal control practices will remain with the respective head of department, office, commission, mission or tribunal.
- The Under-Secretaries-General (or officials with an equivalent position) will annually confirm, through a certification report, their responsibilities for the proper application of the principles and requirements of this framework and the establishment and maintenance of a strong internal control environment resulting from the risk assessment process.
- Once enterprise risk management is rolled out at the Secretariat, with support and advice from the Management Committee, the Secretary-General will annually review the significant risks faced by the Organization and the proposed strategies designed to effectively mitigate those risks at the consolidated entity level. The Secretary-General will report to the General Assembly and the Independent Audit Advisory Committee on this process.

174. In paragraph 24 of its resolution A/66/257, the General Assembly expressed concern over the lack of detailed analysis by the Secretary-General with regard to the key risk areas of the United Nations. The Board shares this concern but welcomes the Administration's progress in developing an enterprise risk management policy and piloting it in parts of the Organization.

175. However, at the time of reporting, the United Nations did not have an effective organization-wide structured risk management approach in place. The Board considers that this is unacceptable for an organization as sophisticated and as exposed to risk as the United Nations. Furthermore, the Board considers that risk management needs to be led from the top of the Organization; and that a first step is for the most senior managers to agree collectively on the most pressing risks the Organization faces and to determine their collective appetite for risk; and to confirm that this is in line with the risk appetite of the General Assembly. This should be the cornerstone for the roll-out and communication of risk management across an

organization. The Board has seen no evidence of such an approach being adopted by United Nations senior management.

176. **The Administration agreed with the Board's recommendation that, in support of existing work on developing risk management in the United Nations, the Management Committee: (a) periodically identify the top risks facing the Organization and communicate that information to all managers; and (b) develop high-level and regular (monthly) reporting on the current status of the risks and associated mitigating strategies.**

177. On a related note, the Board observes that audit committees in the public and private sector often have a role in reinforcing management's monitoring of business risks and challenging and holding the executive to account for managing risks and maintaining effective internal control. The Board notes that the Independent Audit Advisory Committee commented on risk management and the internal control framework in August 2011, reiterating its previous recommendations that the Secretary-General integrate enterprise risk management in the programme planning process (A/66/299, para. 23). While commending the steps that management had taken towards implementing enterprise risk management, it stated that, given the size and complexity of the United Nations, enterprise risk management should be considered one of the highest priorities of the Organization, requiring the support of senior leadership to ensure successful implementation (ibid., para. 26).

Business transformation

178. The United Nations is currently in the midst of several large-scale business transformation projects, including three which the Board has examined and reported on separately: the new enterprise resource planning system (Umoja), IPSAS and the capital master plan. Each involves considerable investment and has, if well managed, the potential to deliver significant benefits. All of these projects are crucial drivers in modernizing the United Nations and keeping it relevant; but it is also important to note that where the Organization has identified the need for change, it is also vitally important that it deliver that change successfully to avoid reputational damage.

179. Each project would be immensely challenging, even in a stable and homogenous organization. Taken together, within the context of the United Nations, a grouping of multiple and diverse entities and programmes subject to huge external pressures, they require considerable management energy, focus and grip. Over the course of the biennium, the Board has found common and significant problems in each, in turn pointing to weaknesses in overall United Nations Secretariat governance. For example:

- **Costs and budgeting:** The baseline budget for project delivery is unclear, does not include all of the associated costs, and the reporting of forecast completion costs is not robust and lacks transparency. There is limited sense of what expenditure to date should have delivered. It is likely in all cases that cost overruns and/or reduced delivery will be incurred.
- **Timetable:** The original project timetables do not clearly define deliverables and dates of completion, progress is not reported transparently and in all cases delays are being incurred.
- **Benefits:** Intended benefits have not been clearly defined from the outset and updated to ensure that multi-year projects remain cutting edge. Benefits have

not been quantified and assigned to business owners, nor are plans for how to realize intended benefits established. Mechanisms are not in place to establish baselines and track benefits delivery; and there are no effective change management plans in place to engage business users and provide necessary training.

- **Governance and risk management:** There is no "single responsible owner" who is accountable for delivering the intended benefits of the project. A steering committee is either absent, or does not provide effective oversight and challenge to the project team. Risks are not managed transparently and effectively.

180. The Board fully acknowledges the need for the business transformation projects and recognizes that the project teams are highly committed, but is concerned that at a more senior level, because of the way in which Secretariat governance is structured, management has not over the biennium been able to organize itself and apply effective management of the entire business transformation process. There is currently no overarching point of authority, and no change management capability to establish a strategic vision, provide coordination, set priorities and determine sequencing and establish accountability for delivery.

181. The business transformation projects risk delivering less than they could for more money than was intended to be spent on them. Detailed recommendations are made in the individual reports, but the Board wishes to highlight the following key lessons for senior management drawn from its audit of these projects:

- **For each transformation agenda, there needs to be a coherent and articulated vision for change** based on a good understanding of the business as a whole, the opportunities for change, and the most cost-effective way forward.

- **There needs to be a realistic and holistic assessment of the ability of the United Nations to absorb change and deliver its ongoing mandates.** Each of the transformation programmes is largely operating in a silo without any higher level strategic assessment of interdependencies and clear sequencing so that the programmes have an ideal environment for success and early demonstration of delivery (perhaps in one part of the Organization).

- **Benefits realization needs to be actively managed.** There is a failure to assign clear responsibility for delivery and agree upon plans for how benefits will be achieved. Experience shows that it is a common project failure to focus on technical delivery and lose sight of the benefits the project (or change programme) is meant to deliver.

- **Reporting on project costs and progress needs to be robust and transparent.** Management does not develop rigorous business cases which clearly set out what benefits a project will deliver, how much it will cost and when it will be delivered by. The Board repeatedly highlights the absence of well-defined timetables, detailed plans, clear budgets or mechanisms for performance measurement and tracking. The Administration's reporting on project costs and progress is often too optimistic and lacks clarity: it needs to be more rigorous, open and support timely and well-evidenced decision-making by the General Assembly.

- **There needs to be accountability for the success of business transformation projects.** When projects have been forecast to be delivered late and over-budget there has been little real impact for the Administration. No one is held to account, and the Administration is provided with more funding and more time to complete the projects. Senior management has pushed responsibility for delivering these key strategic projects to project teams. Such teams have no power to drive change in the business and are temporary, meaning that once the project is "finished" no one is left to drive and monitor benefits delivery.

182. The Board notes that management is committed to change and recognizes the serious issues and problems that have emerged in each transformation project; and that changes have and are being made in the projects as well as the organization of United Nations senior management to strengthen the focus and grip on both the business transformation agenda and management of the United Nations as a whole. The Board will continue to assess progress during its audits in 2012-2013. What is critical now is recognition of the need for a more strategic and holistic grip on the direction and delivery of the business transformation programmes.

183. **The Administration agreed with the Board's recommendation that United Nations senior management set out an action plan addressing the key lessons identified by the Board on business transformation, to demonstrate and track how it is developing and implementing a more strategic and holistic grip on the direction and delivery of the business transformation programmes.**

184. The Administration stated that it is developing an action plan to address the issues raised by the Board.

E. Placement and distribution of OIOS investigative capacity

185. The General Assembly, in its resolution 63/287, designated centres of investigation in Nairobi, Vienna and New York, and resident investigations staff in certain peacekeeping missions, as a pilot project from 1 July 2009 to 30 June 2012. The Assembly requested the Secretary-General to submit a comprehensive report on the pilot project, in the context of the 2012/13 support account budget, with a view to deciding on a restructuring of the Investigations Division of the Office of Internal Oversight Services. OIOS submitted its comprehensive report on the pilot project to date in March 2012 (A/66/755).

186. The OIOS resource request for the 2012/13 support account budget was submitted in September 2011, 10 months before the conclusion of the three-year pilot and too soon for the findings of the comprehensive report to influence funding proposals. OIOS therefore took the position that a detailed proposal for changes in structure and resourcing of its Investigations Division would be best addressed in the context of the 2013/14 support account. The structure of the Investigations Division agreed for the pilot project will continue until 30 June 2013.

187. In its letter of 31 July 2009, the Advisory Committee on Administrative and Budgetary Questions requested the Board of Auditors to examine the appropriate placement and distribution of the investigative capacity of OIOS, and provide comments to the General Assembly at its resumed sixty-fourth session. The Board reported its findings in January 2011 (see A/65/5 (Vol. II)), and of the five

recommendations raised by the Board one is now implemented and four are partially implemented.

188. The Advisory Committee further requested that the Board of Auditors conduct an audit of the implementation of the pilot project and report to the General Assembly at the second part of its resumed sixty-sixth session. In responding to that request, the Board has focused its work on auditing the evidence and findings contained in the comprehensive report of OIOS on the pilot project.

Evaluation of the pilot

189. The Board cannot provide assurance on the cost-effectiveness of the structure for the Investigations Division proposed in the OIOS pilot evaluation report because the report does not include a cost-benefit analysis or options appraisal and the precise deployment of posts under the proposed hybrid structure is not defined.

190. The General Assembly requested that the OIOS evaluation report on the pilot project include a comprehensive cost-benefit analysis and a fully justified rationale for all deployments of investigations staff and resources, but that has not been included in the report.

191. OIOS began to collect data on costs, time spent on investigations and the specific outcomes of each case in January 2011 but its evaluation report has not analysed the information to understand how different deployment structures will impact upon cost-effectiveness. OIOS informed the Board that because investigations currently take at least a year to complete, there is not yet a sufficient body of data built up to allow for useful analysis, but that it will perform such analysis when it makes its detailed proposal for restructuring in the context of the 2013/14 support account. With a more sophisticated analysis of the data it collects, OIOS will be in a better position to understand how best to deploy its investigations resources.

192. OIOS informed the Board that it did not consider it feasible to undertake a cost-benefit analysis that would provide useful information because the current issue is how best to deploy existing capacity, where the issues were primarily qualitative (see A/66/755, para. 4). The Board, however, considers that even where the number of posts requested is to remain the same, their geographical deployment can significantly impact on expenditure owing to the cost of relocating staff, travel costs and other overheads, and changes to leave and pay entitlements.

193. The evaluation report does not define the number and location of staff under the proposed structure. The balance between hub- and mission-based staff will have a significant impact on cost, numbers of staff required, location of staff and the overall cost-effectiveness of resource deployment.

194. OIOS did not define a set of evaluative criteria against which to assess the pilot at the outset of the project. Without such agreed criteria supported by relevant data, OIOS is unable to evaluate the pilot objectively and compare the effectiveness of operations under the pilot to the previous structure. In its comprehensive evaluation report OIOS has, however, now set out evaluative criteria against which to consider future proposals for restructuring and resource deployment (A/66/755, para. 5).

195. **The Board recommends that any proposal for the level and deployment of resources of the OIOS Investigations Division be underpinned by a cost-benefit analysis and options appraisal which takes into account the total cost of delivering investigations to the United Nations as a whole, not just the cost to OIOS.**

196. OIOS stated that it concurred with the need to undertake a cost-benefit analysis in considering the investigative resources of OIOS, but did not concur with the need to take into account the total cost of delivery of investigations to the United Nations, stating that to do so was beyond the perimeters of the OIOS mandate and/or support account.

197. OIOS is not the only body that delivers investigations within the United Nations. Other bodies authorized to conduct investigations include heads of mission, security units, and the mission's police or military investigation units. Investigations may also be conducted by national investigation officers from troop-contributing countries following the Revised Model Memorandum of Understanding approved by the General Assembly in 2007, where troop-contributing countries have primary responsibility for investigating reports of misconduct by their own staff.

198. The evaluation report does not fully consider the capacity of other bodies to deliver investigations and the cost of delivering investigations through such routes. The Board notes that OIOS was not asked to consider that as part of its pilot evaluation and that it does not have control over the costs or quality of investigations by other bodies. Nevertheless, the Board considers that wherever investigations are conducted within the United Nations system, be it by OIOS, mission staff or troop-contributing countries, the Organization still retains responsibility for providing a high-quality investigation and still pays for delivering that investigation. The level of investigative resources required by OIOS should not, therefore, be evaluated without considering the capacity of other bodies to deliver investigations and the cost of delivering investigations through such routes.

199. **The Board recommends that for any future proposal for the level and deployment of OIOS investigative resources which assumes that investigation work will be conducted by bodies other than OIOS takes into account the capacity of those bodies to deliver investigations and the cost of their doing so.**

200. OIOS stated that it concurred with the recommendation in relation to category 1 allegations that are referred to missions for follow-up, but that any other considerations were beyond the perimeters of the OIOS mandate and/or support account.

Engaging with key stakeholders

201. The Board noted that the opportunity for key stakeholders to feed into the pilot evaluation was lacking and that OIOS investigators were not formally consulted as part of the process. The General Assembly requested that the comprehensive evaluation report include full consultation with all relevant stakeholders, integrating in particular the comments and observations of field missions, but that has only been undertaken to a limited extent.

202. OIOS circulated a draft of its evaluation report to the Department of Peacekeeping Operations, the Department for Management and the Department of Field Support, which further circulated the report to peacekeeping missions for

comment. That approach provided limited opportunity for those key stakeholders to feed into the evaluation and meant that their input was applied to the report after it had been drafted, rather than forming a core part of the evaluation methodology itself.

203. OIOS informed the Board that its senior management engaged with investigators informally regarding their views on the pilot, but could not provide the Board with evidence of formal consultation. A direct consultation with investigators would have provided useful insight and an opportunity to engage with those directly experiencing and affected by the restructuring exercise.

204. **The Administration agreed with the Board's recommendation that OIOS formally consult with stakeholders, including mission staff and investigators, to capture and analyse their views on the most cost-effective deployment of OIOS investigative resources.**

205. The Administration stated that OIOS had distributed communications to all investigators within OIOS, all Senior Representatives of the Secretary-General and to the Department of Peacekeeping Operations and the Department of Field Support. When responses are received they will be analysed and considered in relation to the 2013/14 support account and the most cost-effective deployment of OIOS resources.

Understanding fraud risks

206. Under its mandate, OIOS has a responsibility to assess the potential for fraud and other violations across the Organization through analysis of the systems of control in place in order to recommend corrective action to minimize the future risk of such violations.[11] The OIOS Investigations Division currently takes a reactive approach to this role, responding only to reports of fraud rather than proactively assessing fraud risk and conducting investigations to identify and deter fraudulent activity by its staff and the suppliers from which the United Nations procures goods and services.

207. For example, the Board noted that:

- OIOS has predominately investigated relatively minor instances of internal fraud and impropriety. In the biennium 2010-2011 there have been very few cases of reported external fraud, despite the extensive use of vendors and other external parties to deliver United Nations business across the globe.
- The general conditions of contract of the United Nations state that each invoice paid by the Organization under a given contract can be subject to a post-payment audit at any time until two years after contract termination. These audit inspection rights mean that the United Nations can investigate any aspect of the operations of the contractor in fulfilling the contract, for example, seeking evidence of the cost to the contractor of materials which the United Nations has been charged for, or requesting details of subcontractors used by the main contractor. The Board noted that in 2010-2011 the OIOS Investigations Division did not exercise audit inspection rights with any of the suppliers from which the United Nations procures goods or services, or other external parties with whom the United Nations works. More visibility through

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[11] See the Secretary-General's bulletin on the establishment of the Office of Internal Oversight Services (ST/SGB/273), sect. I, Mandate.

the exercise of such inspection rights sends a message to the vendor community about the Organization's attitude to fraud, acts as a deterrent and can also generate valuable intelligence on potential external fraud risks. In the absence of such investigations, the United Nations is open to increased risks of fraudulent activity by suppliers and may overpay for goods and services received.

208. OIOS has acknowledged that it needs to do more to investigate fraud and economic crime (A/66/755, para. 62). The Board considers that the current level of investigation activity and development of intelligence on external fraud is insufficient given the nature, scale and exposure of United Nations operations, where much of the Organization's work is conducted in high-risk field environments. OIOS cannot currently provide the General Assembly with assurance on the level and nature of the potential exposure of the United Nations to fraud, in particular external fraud. Furthermore, without a full understanding of the level of fraud risk which the Organization faces, OIOS is unable to determine the level of investigative resources required to fulfil its mandated requirements or the most cost-effective deployment of those resources.

209. The Board recognizes that OIOS is working to improve its effectiveness in fulfilling this aspect of its mandate through analysing procurement data, as well as developing the relationships between the OIOS Investigations Division and the OIOS Internal Audit Division, and with key parts of the United Nations such as the Office of Central Support Services. The Board will examine those developments in the biennium 2012-2013.

210. **The Administration agreed with the Board's recommendation that OIOS assess the potential for fraud and other violations across the United Nations and take that into account when evaluating the optimal level and deployment of investigative resources required to fulfil its mandated responsibilities.**

211. The Administration stated that the capacity of the OIOS Investigations Division to address potential fraud and other violations was first being assessed by an independent expert panel review. Optimal levels of resources and deployment of resources will stem from their recommendations in combination with the feedback received from the peacekeeping missions.

F. Disclosures by management

1. Write-off of cash, receivables and property

212. The Administration informed the Board that, in accordance with financial rule 106.9, property losses of $7.9 million had been written off during the biennium 2010-2011, as against $7.0 million during the previous biennium. In accordance with financial rule 106.8, losses amounting to $0.7 million had also been written off in respect of accounts receivable, as against $11.1 million during the previous biennium (2006-2007, $1.42 million). Total write-offs amounted to $8.6 million, as against $18.1 million for the previous biennium, a decrease of 52 per cent.

213. The reduction reflects that in 2008-2009 there was a cancellation of the net balance of the unpaid assessed contributions of the former Yugoslavia totalling $14.8 million. If that single event is removed from the comparison, 2010-2011 write-offs have significantly increased over the previous biennium.

214. There is also a significant decline in total amounts written off in 2010-2011 ($8.5 million) compared to 2008-2009 ($17.6 million), with the most significant decline at United Nations Headquarters. Some $5.7 million (66 per cent) of the total write-offs in 2010-2011 arose in UNAMA and UNAMI, a substantial increase over the previous biennium.

Table II.4
Analysis of write-offs

Organizations	*Receivables*	*Property*	*Total 2010-2011*	*Total 2008-2009*
UN Headquarters	533 385		533 385	10 801 355
UNOG	56 098	13 927	70 025	219 442
UNON	28 155	12 423	40 578	51 257
UNOV	18 330	17 504	35 834	13 483
UNAMA	6 762	4 077 023	4 083 785	2 717 179
UNAMI	6 360	1 578 776	1 585 136	1 268 346
BINUB	6 143		6 143	291 528
ECA	284	100 811	101 095	80 216
ECLAC	973	128 207	129 180	52 651
ESCAP		20 504	20 504	13 885
ESCWA	3 384		3 384	0
UNIOSIL		4 397	4 397	794 201
UNMIN		358 544	358 544	69 231
UNMOGIP		198 846	198 846	571 995
UNSCO		14 544	14 544	28 482
UNTSO		125 143	125 143	435 491
UNDSS field offices		867 966	867 966	150 851
OCHA field offices		389 542	389 542	75 068
ODA field offices		942	942	4 781
OHCHR field offices		795	795	0
UNICs		273	273	1 145
Total	**659 874**	**7 910 167**	**8 570 041**	**17 640 587**

Abbreviations:

OCHA, Office for the Coordination of Humanitarian Affairs.
ODA, Office for Disarmament Affairs.
UNDSS, Department of Safety and Security.
UNICs, United Nations Information Centres.

215. The Administration informed the Board that its analysis of write-off activity in UNAMA indicated that the write-offs were as a result of equipment exceeding its life expectancy and that almost all items had exceeded their life expectancy at the time of write-off.

2. Ex gratia payments

216. As required by financial regulation 5.11, the Administration reported ex gratia payments of $32,429 in 2010-2011. The two most significant individual payments, in relation to compensation to a family in Afghanistan following a fatality and compensation paid to a staff member because of problems in establishing regular salary payments, were justified and properly approved. There were no ex gratia payments in the biennium 2008-2009.

3. Cases of fraud and presumptive fraud

217. In accordance with the Financial Regulations and Rules of the United Nations, the Administration provided the Board with a report of cases of fraud and presumptive fraud for the biennium 2010-2011. The Administration identified nine cases of fraud and presumptive fraud for the biennium ended December 2011. The number of cases decreased by 57 per cent compared with the previous biennium (21 cases). The cases of fraud and presumed fraud were valued at $66,385 for the biennium 2010-2011, as against $730,049 for the previous biennium ($644,505 for the biennium 2006-2007).

G. Acknowledgement

218. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General of the United Nations, the Directors General of the United Nations Offices at Geneva, Nairobi and Vienna, the Executive Secretaries of the regional commissions and the Registrar of the International Court of Justice and their officers and members of their staff.

(*Signed*) **Liu** Jiayi
Auditor-General of China
Chair of the United Nations Board of Auditors

(*Signed*) Amyas **Morse**
Comptroller and Auditor General of the United Kingdom
of Great Britain and Northern Ireland
(Lead Auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa

30 June 2012

Annex

Analysis of the status of implementation of the Board's recommendations for the biennium ended 31 December 2009

Summary of recommendations	*Paragraph reference*	*Financial period first made*	*Not accepted by the United Nations*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
Recommendation							
1. The Administration agreed with the Board's recommendation that it: (a) Plan for the automated preparation of the financial statements under Umoja; (b) Without waiting for the implementation of Umoja, enhance internal documentation on the preparation of the financial statements and, more generally, on all financial procedures, notably by updating the Financial Manual.	25	2008-2009			X		
2. The Administration agreed with the Board's recommendation that it complete the staffing of the IPSAS project team and finalize the detailed timetable and project plan for implementation of IPSAS.	33	2008-2009		X			
3. The Board recommends that the Administration ensure that all the offices away from Headquarters and the regional commissions strengthen their preparation for the implementation of IPSAS, in liaison with Headquarters, and in particular assess the financial and human resources required to prepare and implement this reform.	37	2008-2009	X				
4. The Administration agreed with the Board's recommendation that it revisit its accounting treatment of education grants.	51	2008-2009					X
5. The Board recommends that the Administration expedite the publication of the monthly report on the status of contributions.	60	2008-2009					X
6. The Administration agreed with the Board's recommendation that it define a strategy to streamline and further automate the management of voluntary contributions, along the lines of the redesign of assessed contributions procedures.	62	2008-2009				X	
7. The Administration agreed with the Board's recommendation that it develop indicators to measure the processing times for contributions.	66	2008-2009				X	
8. The Administration agreed with the Board's recommendation that, in conjunction with the relevant substantive offices, it define, communicate and manage a standard procedure that would ensure that donors provided the required information in support of their payments.	71	2008-2009		X			
9. The Board recommends that the Administration consider ways to render the preparation of the financial statements on technical cooperation less cumbersome and more easily auditable.	93	2008-2009					X

Summary of recommendations	*Paragraph reference*	*Financial period first made*	*Not accepted by the United Nations*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
10. The Board recommends that the Administration strengthen internal control over the inactive technical cooperation trust funds and expedite the closing of those funds that need to be closed.	98	2008-2009			X		
11. The Board recommends that the Secretariat formalize the distribution of tasks between the Office of Legal Affairs, the Controller's Office and the Department of Economic and Social Affairs for the management of the United Nations Assistance to the Khmer Rouge Trials (UNAKRT).	107	2008-2009		X			
12. The Board recommends that the Administration ensure that UNAKRT, for the preparation of its future budgets, review its estimation methodology with a view to better taking into account the actual implementation of previous budgets.	116	2008-2009	X				
13. The Administration agreed with the Board's recommendation that it ensure that UNAKRT sets up a dashboard for all parties that contains the main indicators (vacancy rate for posts, turnaround time and productivity for the Translation Unit, and turnaround time and productivity for processing requests for complainants).	121	2008-2009			X		
14. UNCTAD agreed with the Board's recommendation that it continue its efforts to rationalize the technical cooperation trust funds by preparing each year for the Trade and Development Board: (a) a list of new trust funds with a brief justification for their establishment; and (b) a list of inactive funds with an explanation of the reasons for their continuation.	131	2008-2009		X			
15. The Board recommends that UNCTAD: (a) prepare a management manual for technical cooperation projects that brings together all applicable procedures, in particular in the area of monitoring; and (b) make sure that progress reports are distributed to donors by the Technical Cooperation Service as stipulated in the funding agreements.	135	2008-2009			X		
16. The Board recommends that the Administration strengthen the internal controls over the inactive general trust funds and expedite the closing of those funds that need to be closed.	146	2008-2009			X		
17. The Administration agreed with the Board's recommendation that it: (a) increase the frequency of contractual audits of health claims; and (b) examine ways to strengthen internal controls over claim reimbursements.	156	2008-2009			X		

Summary of recommendations	*Paragraph reference*	*Financial period first made*	*Not accepted by the United Nations*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
18. The Administration agreed with the Board's recommendation that it strengthen internal controls to ensure the accuracy of its payable and receivable balances with counterpart entities at the end of the financial period.	160	2008-2009			X		
19. The Administration agreed with the Board's recommendation that it reduce the time taken for certifying invoices so as to conform to accrual-based accounting.	164	2008-2009			X		
20. The Administration agreed with the Board's recommendation that it consider revising its policy for the valuation of leave liability in its implementation of IPSAS.	191	2008-2009			X		
21. The Administration agreed with the Board's recommendation that it review the logical framework of results-based budgeting with a view to making it more precise.	203	2008-2009			X		
22. The Administration agreed with the Board's recommendation that it clarify the objectives of the results-based budgeting process in order to make them more consistent with the existing system and thereby obtain greater support from actors concerned within the Organization.	208	2008-2009		X			
23. The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management uses the same metrics for the indicators used to set targets and to measure performance.	212	2008-2009		X			
24. The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management compares targets against achievements to measure its performance.	216	2008-2009		X			
25. The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management (a) substantiates the lowering of its targets; and (b) harmonizes the methods used to define targets for the meetings implementation rate in New York, Geneva, Vienna and Nairobi.	220	2008-2009		X			
26. The Economic and Social Commission for Asia and the Pacific agreed with the Board's recommendation that it ensure that the definition of objectives, expected achievements and indicators of achievement for each subprogramme is the product of a more in-depth dialogue between programme managers and the secretariat, with a view to increasing the utility of the programme of work as a management tool during the implementation phase.	223	2008-2009		X			

Summary of recommendations	*Paragraph reference*	*Financial period first made*	*Not accepted by the United Nations*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
27. The Economic and Social Commission for Asia and the Pacific agreed with the Board's recommendation that it make a clear distinction between outputs which are part of its day-to-day management and those that constitute essential elements in the work of the Organization, ensuring that lists of non-quantified tasks are avoided.	227	2008-2009		X			
28. The Board recommends that the Administration ensure that the choice of investment solutions and the link between the composition of the portfolio, its liquidity, its profitability objective and its exposure to risks are more precisely formalized and documented in the United Nations Investment Management Guidelines.	237	2008-2009		X			
29. The Board recommends that the Administration enhance the reporting on: (a) the investment strategy chosen; and (b) the daily implementation of that strategy.	240	2008-2009		X			
30. The Board recommends that the Administration supplement the performance assessment framework for cash management with specific objectives regarding the composition, liquidity and duration of the portfolio.	242	2008-2009		X			
31. The Board recommends that the Administration: (a) Define, formalize and implement procedures relating to the monitoring of all the limits set forth in the United Nations Investment Management Guidelines; and (b) Design and maintain a consolidated score card integrating the monitoring of all limits, with a view to reporting the results of that monitoring to the Investment Committee.	245	2008-2009		X			
32. The Administration agreed with the Board's recommendation that it re-examine and, where necessary, redistribute the missions and activities of the Publications Board.	251	2008-2009		X			
33. The Administration agreed with the Board's recommendation that it ensure that the Department of Economic and Social Affairs takes measures to increase the coordination of publications, in terms of both content and editorial priorities, in particular in order to avoid overlap in publications.	256	2008-2009		X			
34. The Board recommends that the Administration ensure that the Department of Economic and Social Affairs plan for mandatory documents aimed at the general public is the subject of an evaluation of results, which could then be forwarded to the main body that mandated the publication of the documents.	260	2008-2009	X				

Summary of recommendations	Paragraph reference	Financial period first made	Not accepted by the United Nations	Fully implemented	Partially implemented	Not implemented	Overtaken by events
35. The Administration agreed with the Board's recommendation that it ensure that the annual report of the Secretary-General on the pattern of conferences provides statistics to measure the total number of meetings with a view to assessing changes in this variable.	265	2008-2009		X			
36. The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management conducts a performance analysis for all meetings with interpretation and for each conference centre.	270	2008-2009		X			
37. The Administration agreed with the Board's recommendation that it ensure that the Department for General Assembly and Conference Management urgently implements a plan for the transition phase of the capital master plan, in order to have precise knowledge of the needs and to provide operational tools to deal with them.	274	2008-2009			X		
38. The Administration agreed with the Board's recommendation to ensure that the Department of Public Information does not create regional coordination platforms until a detailed study has been made of their operational and geographical competencies.	282	2008-2009		X			
39. The Administration agreed with the Board's recommendation to issue a Secretary-General's bulletin setting out the organization and responsibilities of the Department of Safety and Security, including those of the Division of Headquarters Security and Safety Services.	286	2008-2009			X		
40. The Board recommends that the Administration reassess the staffing needs of the New York-based head office of the Division of Headquarters Security and Safety Services of the Department of Safety and Security.	294	2008-2009		X			
41. The Board recommends that the Administration ensure that the Department of Safety and Security significantly strengthens its system of internal control over the implementation of minimum operational security standards at United Nations Secretariat headquarters locations.	305	2008-2009		X			
42. The Administration agreed with the Board's recommendation that it ensure that the Office of Legal Affairs defines and specifies intermediate management objectives and indicators for each stage of the treaty publication process.	311	2008-2009		X			
43. The Board recommends that the Administration ensure that the Department of Political Affairs, together with the Department of Management and the Department of Field Support, agrees on a precise and operational division of responsibilities for the administrative backstopping of special political missions, especially regarding procurement.	320	2008-2009		X			

Summary of recommendations	*Paragraph reference*	*Financial period first made*	*Not accepted by the United Nations*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
44. The Board recommends that the Administration: (a) Regularize all purchases made by the United Nations Office for West Africa from 1 January 2008 in the absence of delegation; (b) Grant the United Nations Office for West Africa delegation of procurement authority, even if only for low-value procurement; and (c) Should delegation not be forthcoming, or pending its actual implementation, give detailed operating instructions to the Office in order for it to carry out procurement activities in compliance with the United Nations Procurement Manual.	323	2008-2009		X			
45. The Board recommends that the Administration regularize on an ex post facto basis the procurement actions that UNIPSIL undertook before it obtained delegation of procurement authority.	329	2008-2009			X		
46. The Board also recommends that the Administration ensure that UNIPSIL strictly adheres to the procurement rules of the United Nations.	330	2008-2009		X			
47. The Board recommends that the Administration strengthen and expedite the reconciliation process between the physical inventory data and the accounting data relating to non-expendable property to ensure a fair valuation of those items in the notes to the financial statements.	336	2008-2009			X		
48. The Board recommends that the Administration ensure that the United Nations Office at Geneva appoints one person to manage premises owned by the United Nations that are leased out to third parties.	341	2008-2009		X			
49. The Board recommends that the Administration: (a) put in place a governance structure for the United Nations Office at Geneva property renovation project that brings together the two United Nations headquarters in New York and Geneva; and (b) ensure that the United Nations Office at Geneva is provided with the staff members required to implement and follow up on programmed works.	348	2008-2009		X			
50. The Board recommends that the Administration ensure that the United Nations Office at Vienna complies with United Nations financial rule 105.22 for handling property losses.	352	2008-2009		X			
51. **The Administration agreed with the Board's recommendation that it ensure that the United Nations Office for West Africa manages its non-expendable property in accordance with the relevant United Nations rules.**	356	2008-2009		X			

Summary of recommendations	Paragraph reference	Financial period first made	Not accepted by the United Nations	Fully implemented	Partially implemented	Not implemented	Overtaken by events
52. The Administration agreed with the Board's recommendation that it ensure that the International Research and Training Institute for the Advancement of Women: (a) improves the quality of its inventory so that it reflects the exact status of non-expendable property; and (b) clarifies the situation of items in its possession that are the property of MINUSTAH so that they can be monitored separately.	360	2008-2009		X			
53. The Board recommends that the Administration assess the need to update the set of competencies in order to: (a) Adapt competencies to the current requirements of the Organization; (b) Clarify the definition of competencies and levels; and (c) Introduce competencies in relation to technical expertise, apart from behavioural and managerial competencies.	366	2008-2009		X			
54. The Administration agreed with the Board's recommendation that it appraise the functioning of recruitment panels and review the features of the training in competency-based recruitment (obligation to attend, duration and content).	372	2008-2009		X			
55. The Board recommends that the Administration ensure that all officials likely to appraise staff receive adequate training to this end, and that all other staff be given a general presentation on the appraisal interview.	377	2008-2009		X			
56. The Board recommends that the Administration assess its total training expenditure, irrespective of the nature of this expenditure and the origin of the corresponding resources.	383	2008-2009		X			
57. The Board recommends that the Administration draw up a schedule by which the staff members who have not taken the mandatory training programmes be obliged to do so in a close time limit (one year or 18 months), and that the effective implementation be verified.	387	2008-2009			X		
58. The Board recommends that the Administration ensure that all departments and offices draw up and document a medium- and short-term staff training strategy that would identify needs and objectives, and carry out a qualitative analysis of the results obtained.	390	2008-2009			X		
59. The Board recommends that, considering the increasing reticence of employers from the private sector to supply data pertinent to the conditions of service of their staff, ICSC review its means of obtaining those data.	402	2008-2009		X			

Summary of recommendations	*Paragraph reference*	*Financial period first made*	*Not accepted by the United Nations*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
60. The Court agreed with the Board's recommendation that it consider the revision of the statutory aspects of the Instructions for the Registry.	409	2008-2009			X		
61. The Court agreed with the Board's recommendation that it update the Staff Regulations for its Registry.	413	2008-2009			X		
62. The Board recommends that the Administration ensure that the Economic Commission for Africa exercises strengthened control over its management of consultants and strictly complies with the relevant rules of the Organization on this matter.	420	2008-2009		X			
63. The Board recommends that the United Nations Conference on Trade and Development take measures to better manage expenditure on consultants by: (a) making sure that all project managers are informed of the good practices developed; and (b) creating a common consultants database.	425	2008-2009		X			
64. The Administration agreed with the Board's recommendation that it establish a realistic schedule for the implementation of its "Carbon" project.	432	2008-2009		X			
65. The Administration agreed with the Board's recommendation that it take appropriate measures to ensure that the "Carbon" project is interfaced with Umoja.	437	2008-2009			X		
66. The Administration agreed with the Board's recommendation that it ensure that the Office of the United Nations Ombudsman and Mediation Services gathers statistical measurements in the same manner in all services and that these measurements are handled in annual activity reports in the same format to reflect actual changes and to allow year-over-year comparisons.	445	2008-2009		X			
67. The Administration agreed with the Board's recommendation that it ensure that the Office of the United Nations Ombudsman and Mediation Services guarantee, while drawing up its new tracking mechanisms, that the data used to measure the activity and performance of the Office are auditable, while preserving confidentiality.	449	2008-2009			X		
68. The Board recommends that the Office of Internal Oversight Services expedite the completion of its risk assessments of all the entities over which it has authority.	454	2008-2009		X			
69. The Board recommends that the Office of Internal Oversight Services further increase its completion rate of audit assignments, inter alia, by reducing the rate of vacancy of its posts.	456	2008-2009			X		

Summary of recommendations	Paragraph reference	Financial period first made	Not accepted by the United Nations	Fully implemented	Partially implemented	Not implemented	Overtaken by events
70. The Administration agreed with the Board's recommendation that it ensure that the Economic Commission for Latin America and the Caribbean examines ways of reducing the time lag of the administrative travel authorization procedures so as to optimize the costs of flight tickets.	476	2008-2009		X			
71. The Administration agreed with the Board's recommendation that it ensure that the Department of Safety and Security analyses security costs independently of contributing budgets (regular budget, extrabudgetary funds, budgets allocated by each agency to security) so as to have a complete view of resources allocated to security.	481	2008-2009			X		
72. The Administration agreed with the Board's recommendation that the Department of Safety and Security take measures, both direct and by delegation, aimed at assessing compliance with minimum operating security standards of the field offices in Kenya.	487	2008-2009		X			
Total			**3**	**42**	**22**	**2**	**3**
Percentage share of total			**4**	**58**	**31**	**3**	**4**

Chapter III
Certification of the financial statements

29 March 2012

The financial statements of the United Nations for the biennium ended 31 December 2011 have been prepared in accordance with financial rule 106.10. They include all funds except peacekeeping operations, the United Nations Compensation Commission, the United Nations escrow accounts established under the provisions of Security Council resolutions 687 (1991), 706 (1991), 778 (1992), 986 (1995), 1284 (1999), 1483 (2003) and 1762 (2007), the United Nations escrow account established under the provisions of Security Council resolution 1958 (2010), the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, which are the subject of separate financial statements.

The summary of significant accounting policies applied in the preparation of these statements is included in the notes to the financial statements. These notes provide additional information on and clarification of the financial activities undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations, numbered I to XII, are correct.

(*Signed*) María Eugenia **Casar**
Assistant Secretary-General, Controller

Chapter IV

Financial report for the biennium ended 31 December 2011

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations for the biennium ended 31 December 2011. The financial results reported relate to activities of the United Nations other than those of peacekeeping operations, the United Nations Iraq escrow accounts, the United Nations Compensation Commission, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, which are reported separately.

2. The accounts consist of 12 statements supported by schedules and notes and provide financial information relating to the United Nations General Fund and related funds, technical cooperation activities, general trust funds, the Tax Equalization Fund, the capital master plan, capital assets and construction in progress, end-of-service and post-retirement benefits and other funds. Financial statements for each trust fund have not been included in the published accounts; instead, a consolidated financial statement is presented.

3. The present financial report is designed to be read in conjunction with the financial statements. It presents an overview of the consolidated results and an analysis of the financial statements by major category, highlighting trends and significant changes. The annex to the report provides information to be reported to the Board of Auditors as required by the Financial Regulations and Rules of the United Nations.

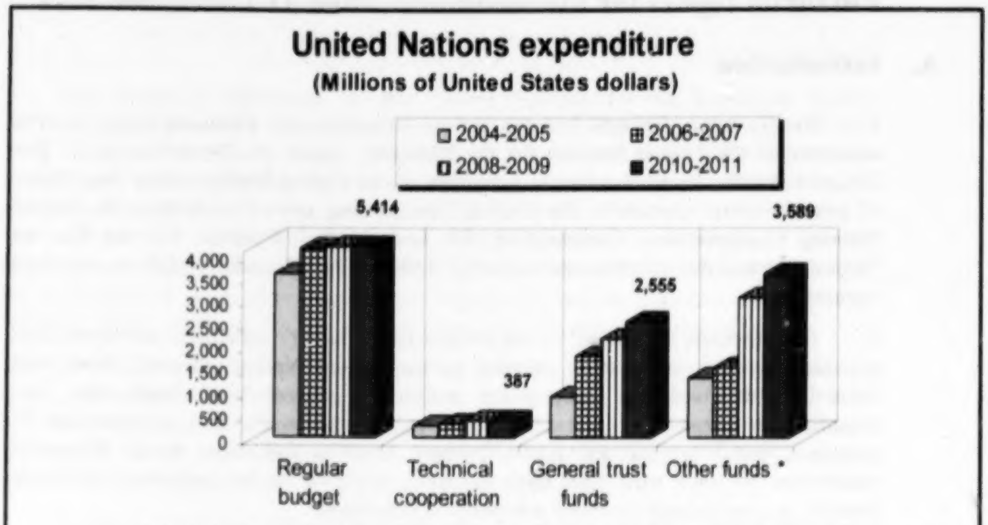
B. Overview

4. Statements I, II and III summarize the combined results of the specified United Nations activities that are presented in more detail in statements IV to XII. Statement I presents income and expenditure by major fund category for the biennium 2010-2011. Statement II shows a summary of assets, liabilities and reserves and fund balances as at 31 December 2011. Statement III summarizes the Organization's net cash flow for the current biennium.

5. Overall income for the biennium 2010-2011 increased by $737.3 million, or 8 per cent, from $9,712.7 million to $10,450 million, due mainly to an increase of $217.1 million in assessed contributions, an increase of $225.3 million in voluntary contributions as well as an increase of $140.4 million in other/miscellaneous income.

6. Total expenditure (after eliminations) for the biennium 2010-2011 increased by $1,360.7 million, or 15 per cent, from $9,273.8 million to $10,634.5 million. Regular budget expenditure increased by 14 per cent, technical cooperation expenditure increased by 6 per cent, and expenditure for general trust funds and other funds increased by 17 and 16 per cent, respectively. Figure IV.I provides a graphic comparison of expenditure by category for the past four bienniums, respectively.

Figure IV.1



* Includes funds for tax equalization, capital master plan, capital assets and construction in progress, end-of-service and post-retirements benefits, and other funds.

7. Table IV.1 shows the expenditure for the four categories of United Nations activity as a percentage of total expenditure for the past four bienniums.

Table IV.1

Expenditure by category and biennium

(Percentage)

	Biennium			
Category of expenditure	*2004-2005*	*2006-2007*	*2008-2009*	*2010-2011*
Regular budget	59.1	53.3	45.7	45.3
Technical cooperation	4.5	4.0	3.5	3.2
General trust funds	14.7	23.0	21.1	21.4
Other funds	21.7	19.7	29.7	30.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

C. United Nations General Fund, Working Capital Fund and United Nations Special Account

8. The United Nations General Fund comprises all regular budget income and expenditure, as well as the assets, liabilities and reserves and fund balances of the Organization other than those specifically identified with other funds. Statement IV shows the status of regular budget appropriations. Statement V shows the income and expenditure, assets, liabilities and reserves and fund balances as at 31 December

2011 of the General Fund, the Working Capital Fund and the United Nations Special Account.

9. The final appropriation for the regular budget for the biennium 2010-2011 totalled $5,416.4 million. The actual expenditure totalled $5,414.2 million, or 0.04 per cent lower than the final appropriation. The higher expenditure of 14 per cent, compared to total expenditure of $4,749.4 million for the biennium 2008-2009, reflects higher approved budgets for the biennium 2010-2011, primarily for special political missions, development-related activities, new administration of justice system, and decisions of the Human Rights Council. Tables IV.2 and IV.3 show the percentage distribution of expenditure for the regular budget for the past two bienniums by major activity and by object of expenditure.

Table IV.2
Expenditure by major activity for the regular budget
(Percentage)

Major activity	*Biennium* *2008-2009*	 *2010-2011*
Overall policymaking direction and coordination	15.7	14.8
Political affairs	22.7	26.5
Economic, social and humanitarian affairs	24.1	23.5
International justice and law	2.0	1.7
Public information	3.9	3.5
Common support services	14.4	13.2
Staff assessment	10.4	10.3
Capital and special expenditure	6.8	6.5
Total	**100.0**	**100.0**

Table IV.3
Expenditure by object of expenditure for the regular budget
(Percentage)

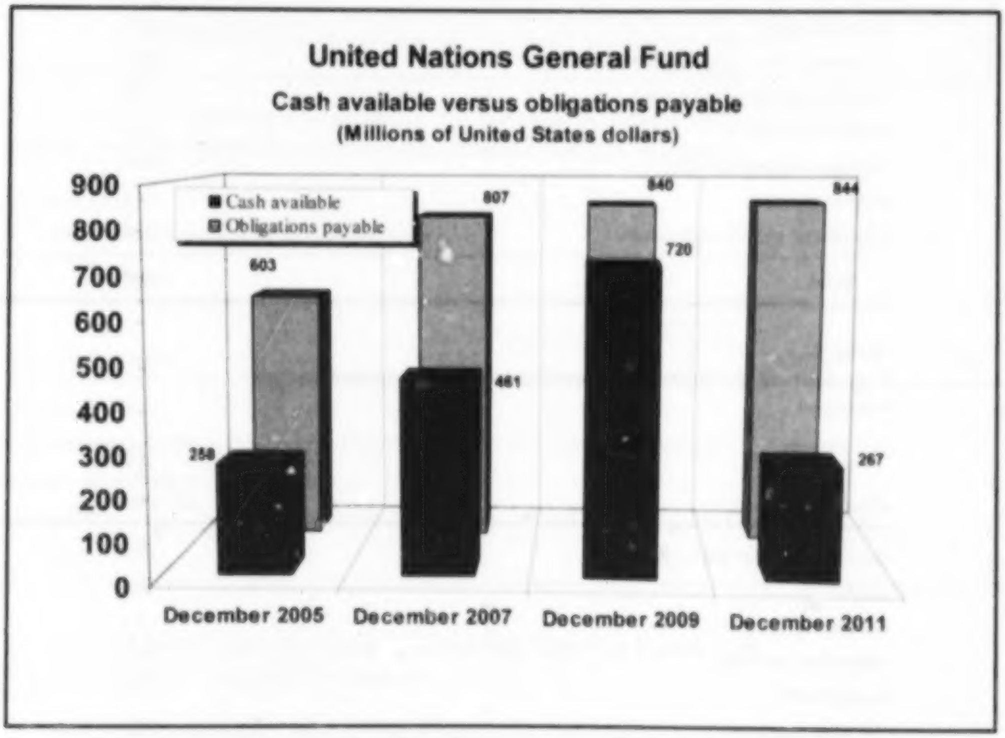
Object of expenditure	*Biennium* *2008-2009*	 *2010-2011*
Salaries and other personnel costs	74.0	72.8
Travel	2.3	2.3
Contractual services	3.3	2.8
Operating expenses	9.7	10.7
Acquisitions	4.4	5.2
All other expenses	6.3	6.2
Total	**100.0**	**100.0**

10. Schedule 5.2 contains the details of miscellaneous income, which amounted to $59.2 million for the biennium 2010-2011. This amount was $3.5 million, or 5.5 per cent lower compared with the biennium 2008-2009, mainly as a result of a decrease in net income from revenue-producing activities and interest income, offset by an increase in other/miscellaneous income. As at 31 December 2011, unpaid assessed contributions to the regular budget totalled $454.4 million, representing an increase of $118.9 million, or 35.4 per cent, compared to the balance as at 31 December 2009.

11. The level of unpaid contributions has risen compared with the previous biennium as certain Member States did not pay their assessed contributions in full and on time. Nevertheless, the Organization was able to meet its cash requirements during the biennium 2010-2011 without borrowing from other sources, primarily the Working Capital Fund and the United Nations Special Account.

12. Figure IV.2 illustrates the level of the Organization's obligations, consisting of payments due to various providers of goods and services, and the extent to which those obligations exceeded the amounts of available cash as at the end of the past four bienniums. The high level of unpaid assessments as at 31 December 2011 resulted in a negative impact on the Organization's liquidity.

Figure IV.II



13. As at 31 December 2011, the General Fund's reserves and fund balances amounted to $20.1 million and comprised an authorized retained surplus of $68.3 million offset by a cumulative deficit of $48.2 million. The deficit position resulted mainly from a net shortfall of income over expenditure of $356.1 million,

offset by cancellation of prior-period obligations of $45 million, as well as surplus brought forward from the preceding bienniums of $262.9 million.

14. The level of the Working Capital Fund stood at $150 million, as authorized by the General Assembly in resolution 60/283.

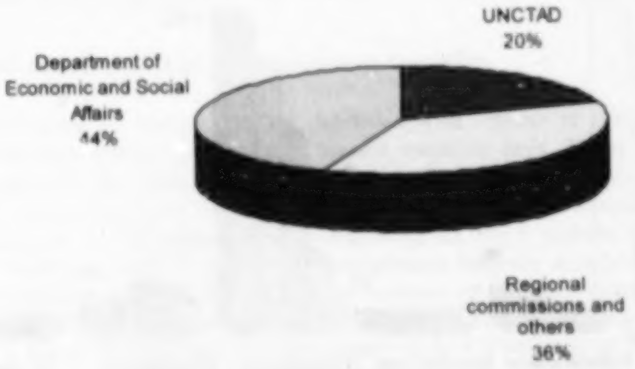
D. Technical cooperation activities

15. Statement VI reflects the results of United Nations activities in the field of technical cooperation. Total expenditure for technical cooperation activities was $386.6 million, representing an increase of $21.4 million, or 5.9 per cent, compared with the biennium 2008-2009. Figure IV.III shows the composition of technical cooperation expenditure by administrative location.

Figure IV.III

Technical cooperation activities

Expenditure for the biennium 2010-2011 by administrative location



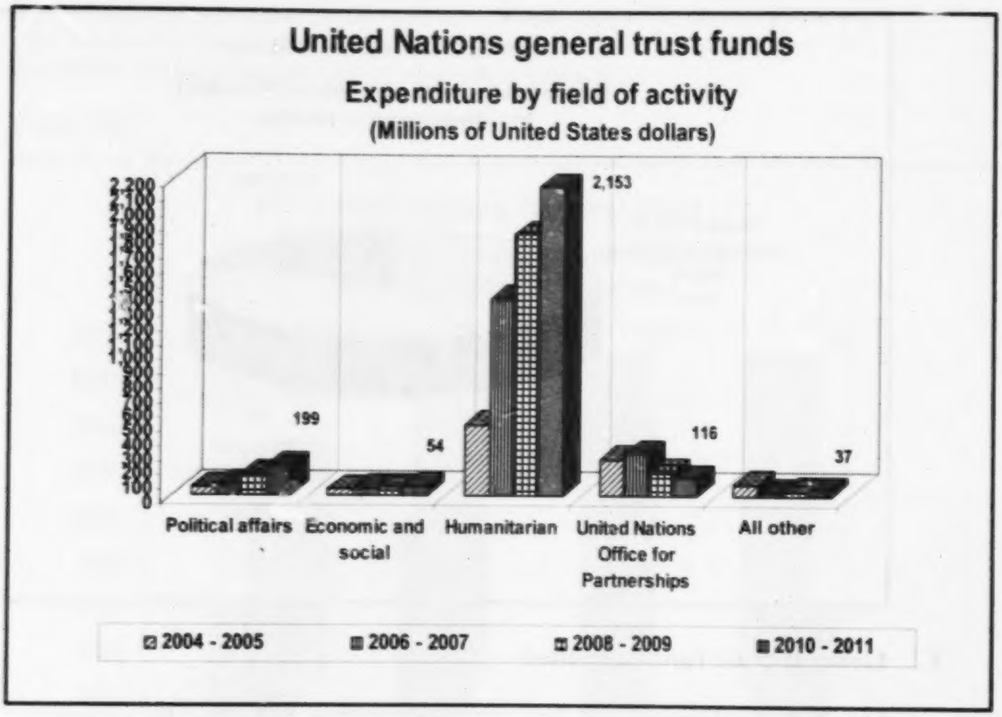
E. General trust fund activities

16. The United Nations trust funds serve to support or supplement the substantive work programme of the Organization or to contribute to humanitarian or relief assistance activities. A consolidated summary of the 168 general trust funds is included in statement VII. During the biennium 2010-2011, seven general trust funds were established and eight were closed.

17. Total income increased by 5.8 per cent to $2,583 million for the biennium 2010-2011, primarily as a result of an increase in voluntary contributions and funds received under inter-organization arrangements, including an increase of $192.7 million for the Trust Fund for Disaster Relief, and $46.7 million for the Central Emergency Response Fund.

18. Total expenditure of $2,554.8 million for all general trust funds was 16.5 per cent higher than the comparable total of $2,192.7 million for the biennium 2008-2009. Eight funds accounted for 86 per cent of total expenditure for all general trust funds, namely, the Central Emergency Response Fund ($902.3 million), the Trust Fund for Disaster Relief ($626.5 million), the Trust Fund for Support to the Activities of the Centre for Human Rights ($185.8 million), the Voluntary Trust Fund for Assistance in Mine Clearance ($149.3 million), the United Nations Fund for International Partnerships ($115.6 million), the Trust Fund for the Strengthening of the Emergency Relief Coordinator (OCHA) ($103.6 million), the Trust Fund for Human Security ($62.1 million) and the Trust Fund for Disaster Reduction ($53.5 million). Summary data on all trust funds is contained in schedule 7.1. Figure IV.IV illustrates trust fund expenditure by field of activity for the past four bienniums.

Figure IV.IV



F. Tax Equalization Fund

19. Statement VIII shows income received from staff assessments, expenditures relating to reimbursements to staff members subject to United States income taxes and credits applied against assessments of those Member States that do not levy taxes on the United Nations income of their nationals, as well as assets, liabilities and reserves and fund balances as at 31 December 2011 of the Tax Equalization Fund.

20. For the biennium 2010-2011, total income increased by $124.5 million, or 13.6 per cent, to $1,038.3 million from $913.8 million for the biennium 2008-2009, and total expenditure increased by $101 million, or 11.7 per cent, to $963 million from $862 million, compared with the biennium 2008-2009. As of 31 December 2011, an amount of $134 million was payable to the United States of America pending instructions as to its disposition.

G. Capital master plan, capital assets and construction in progress

21. Statement IX shows activities on the capital master plan, its Working Capital Reserve Account, associated costs, Secondary Data Centre and the security enhancements. Total expenditure for the biennium 2010-2011 increased by $20.9 million, or 2.5 per cent, to $858 million from $837.1 million for the biennium 2008-2009. Costs related to long-term benefits were capitalized; all other costs, including those for non-expendable property, were expensed.

22. Statement X shows activities on the capital assets and construction in progress for security measures and other discrete construction in progress projects other than the capital master plan. Expenditure of $28 million was incurred for the biennium and completed projects valued at $210.4 million, including $183.2 million relating to the capital master plan, were capitalized into the capital assets account.

H. End-of-service and post-retirement benefits

23. Statement XI shows accrued liabilities with respect to after-service health insurance, repatriation benefits and unused vacation days. Those liabilities were determined on the basis of an actuarial valuation. The liabilities for the United Nations, excluding those for peacekeeping operations, were estimated at $3,212.3 million as at 31 December 2011, comprising $2,916.3 million for after-service health insurance, $193.3 million for repatriation benefits and $102.7 million for unused vacation days. That represents an increase of $1,038.1 million compared to the total of $2,174.2 million as of 31 December 2009, primarily explained by the use of a lower discount rate by the actuary from 6.0 per cent as of 31 December 2009 to 4.5 per cent as of 31 December 2011.

I. Other United Nations special funds

24. Statement XII provides information on funds established by the United Nations for various special purposes. A description of each of those funds or group of funds is included in note 12 to the financial statements. Selected schedules are highlighted below.

25. Schedule 12.1 shows activities on the various health and life insurance and other held-in-trust funds. For the biennium 2010-2011, total income increased by $124.8 million or 18.2 per cent, to $811.7 million from $686.9 million, and total expenditure increased by $145 million or 22.8 per cent, to $780.6 million from $635.6 million, compared with the biennium 2008-2009.

26. Schedule 12.2 shows activities on the special accounts for administrative cost recoveries, with the exception of the support account for peacekeeping operations,

which is reported in the financial statements for peacekeeping operations. Overall income totalled $322.7 million for the biennium 2010-2011, representing $37 million, or a 13 per cent increase, over the previous biennium's total of $285.7 million. Expenditure totalled $308 million, representing $80.7 million, or a 35.5 per cent increase, from the 2008-2009 figure of $227.3 million. As a result, ending reserves and fund balances as at 31 December 2011 increased to $275.1 million from $258.1 million as at the end of the previous biennium.

27. Schedule 12.3 shows activities on common support services. Overall income increased by $160.4 million or 117.3 per cent, to $297.1 million from $136.7 million. Total expenditure, as well, increased by $109.4 million or 83.1 per cent, to $241 million from $131.6 million compared with the biennium 2008-2009, mainly due to an increased level of activities for the enterprise resource planning project.

Annex

Supplementary information

1. The present annex provides information that the Secretary-General is required to report.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, write-offs totalling $659,874 were approved for the biennium 2010-2011. A breakdown of the write-offs is shown in the following table:

(United States dollars)

Fund/activity	*Biennium* 2008-2009	*Biennium* 2010-2011
United Nations General Fund	10 680 841*	111 943
Revenue-producing activities	63 195	25 082
Technical cooperation activities	2 575	3 991
General trust funds	205 487	502 727
Other funds	147 018	16 131
Total	**11 099 116**	**659 874**

* Includes write-off of General Fund unpaid assessed contributions of $10,499,488 that was due from the former Yugoslavia pursuant to General Assembly resolution 63/249.

Write-off of losses of property

3. In accordance with financial rule 106.9, property losses amounting to $7,910,167 were written off during the biennium 2010-2011. The losses are based on the original cost of the property and include write-offs arising from shortfalls, thefts, damages and accidents.

Ex gratia payments

4. In accordance with financial rule 105.12, ex gratia payments amounting to $32,429 were made during the biennium 2010-2011.

Chapter V

Financial statements for the biennium ended 31 December 2011

Statement I

United Nations all funds summary[a,b]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	General Fund and related funds (St. V)	*Technical cooperation activities (St. VI)*	*General trust funds (St. VII)*	*Tax Equalization Fund (St. VIII)*	*Capital master plan (St. IX)*	*Capital assets and construction in progress (St. X)*	*End-of-service and post-retirement benefits (St. XI)*	*Other special funds (St. XII)*	*All funds eliminations*	*Total 2011*	*Total 2009*[c]
Income											
Assessed contributions	4 999 146	–	–	–	681 928	–	–	10 154	–	5 691 228	5 474 081
Voluntary contributions	–	294 839	2 331 774	–	109 989	–	–	12 739	–	2 749 341	2 524 089
Net revenue-producing activities	382	–	–	–	–	–	–	–	–	382	3 920
Funds received under inter-organization arrangements	–	24 548	132 231	–	–	–	–	225 646	–	382 425	269 027
Allocations from other funds	–	48 888	609	–	2 196	750	–	420 387	(313 419)	159 411	56 193
Income for services rendered	4 444	–	–	–	–	–	–	343 903	(194 777)	153 570	139 962
Interest income	37 711	8 254	42 616	–	34 100	1 026	–	25 685	–	149 392	221 577
Other/miscellaneous income	25 509	407	75 794	1 038 328	136	8 028	13 650	804 666	(802 281)	1 164 237	1 023 801
Total income	**5 067 192**	**376 936**	**2 583 024**	**1 038 328**	**828 349**	**9 804**	**13 650**	**1 843 180**	**(1 310 477)**	**10 449 986**	**9 712 650**
Expenditure											
Total expenditure	**5 414 152**	**386 610**	**2 554 833**	**962 989**	**858 071**	**28 013**	**2 983**	**1 737 306**	**(1 310 477)**	**10 634 480**	**9 273 802**
Excess (shortfall) of income over expenditure	**(346 960)**	**(9 674)**	**28 191**	**75 339**	**(29 722)**	**(18 209)**	**10 667**	**105 874**	**–**	**(184 494)**	**438 848**
Non-budgeted accrued income (expenses) for end-of-service and post-retirement benefits	–	–	–	–	–	–	(1 038 112)	–	–	(1 038 112)	149 340

	General Fund and related funds (St. V)	Technical cooperation activities (St. VI)	General trust funds (St. VII)	Tax Equalization Fund (St. VIII)	Capital master plan (St. IX)	Capital assets and construction in progress (St. X)	End-of-service and post-retirement benefits (St. XI)	Other special funds (St. XII)	All funds eliminations	Total 2011	Total 2009[c]
Prior-period adjustments	(367)	(62)	(9 076)	(6)	–	(10)	–	1 034	–	(8 487)	(2 938)
Net excess (shortfall) of income over expenditure	**(347 327)**	**(9 736)**	**19 115**	**75 333**	**(29 722)**	**(18 219)**	**(1 027 445)**	**106 908**	**–**	**(1 231 093)**	**585 250**
Cancellation of prior-period obligations	45 017	–	–	–	19 736	3 338	–	6 251	–	74 342	52 545
Transfers (to) from other funds	–	69	(5 190)	–	–	–	–	2 067	–	(3 054)	(633)
Transfers (to) from other organizations	–	–	(25 349)	–	–	–	–	(38)	–	(25 387)	(56 067)
Transfer to construction in progress	–	–	–	–	640 478	24 244	–	–	–	664 722	740 349
Transfer from construction in progress	–	–	–	–	–	(27 222)	–	–	–	(27 222)	(38 407)
Transfer to capital assets	–	–	–	–	(183 194)	210 416	–	–	–	27 222	38 407
Refund to donors	–	(8 418)	(10 701)	–	–	–	–	(3 035)	–	(22 154)	(35 210)
Other adjustments to reserves and fund balances	–	–	–	(55 033)	–	–	–	(3 136)	–	(58 169)	(9 489)
Reserves and fund balances, beginning of period	732 681	245 741	1 160 090	9 923	1 133 308	592 078	(2 146 289)	901 066	–	2 628 598	1 351 853
Reserves and fund balances, end of period	**430 371**	**227 656**	**1 137 965**	**30 223**	**1 580 606**	**784 635**	**(3 173 734)**	**1 010 083**	**–**	**2 027 805**	**2 628 598**

[a] See notes 2 and 3.

[b] The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda are reported in separate sets of financial statements. Also see note 2 (j).

[c] Comparative figures have been restated to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Statement II

United Nations all funds summary[a,b]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	General Fund and related funds (St. V)	*Technical cooperation activities (St. VI)*	*General trust funds (St. VII)*	*Tax Equalization Fund (St. VIII)*	*Capital master plan (St. IX)*	*Capital assets and construction in progress (St. X)*	*End-of-service and post-retirement benefits (St. XI)*	*Other special funds (St. XII)*	*All funds eliminations*	*Total 2011*	*Total 2009*[c]
Assets											
Cash and term deposits	30 206	5 487	1 729	–	49	48	–	29 915	–	67 434	53 525
Short-term investments	–	–	389	–	–	–	–	7 412	–	7 801[c]	5 419
Long-term investments	–	–	1 724	–	–	–	–	83 437	–	85 161[c]	71 354
Cash pools[d]	493 227	246 103	1 186 313	–	911 622	32 413	–	661 422	–	3 531 100	3 899 224
Assessed contributions receivable from Member States	454 413	–	–	–	86 748	–	–	9 624	–	550 785	366 813
Voluntary contributions receivable	–	–	420 808	–	3 000	–	–	–	–	423 808	190 860
Inter-fund balances receivable	670 430	149 157	21 747	192 916	187 170	8 427	41 079	237 405	(1 247 137)	261 194[e]	168 612
Other accounts receivable	127 795	15 646	275 112	86 009	77	609	–	87 591	–	592 839	567 977
Other assets	212 657	8 188	1 692	18	126 156	909	–	260 023	–	609 643	557 929
Land and buildings	–	–	–	–	–	743 060	–	–	–	743 060	532 644
Construction in progress	–	–	–	–	1 223 838	22 649	–	–	–	1 246 487	792 181
Total assets	**1 988 728**	**424 581**	**1 909 514**	**278 943**	**2 538 660**	**808 115**	**41 079**	**1 376 829**	**(1 247 137)**	**8 119 312**	**7 206 538**
Liabilities											
Contributions or payments received in advance	8 398	–	–	–	23	–	–	2 197	–	10 618	139 379
Unliquidated obligations	388 946	34 363	305 753	94 756	720 658	7 405	–	304 034	–	1 855 915	1 581 160
Inter-fund balances payable	1 062 738	157 307	13 123	–	186 194	15 834	–	36 776	(1 247 137)	224 835[e]	159 667
Other accounts payable	96 372	5 238	9 371	153 964	51 179	241	2 479	21 454	–	340 298	345 517
Other liabilities	1 903	17	443 302	–	–	–	–	2 285	–	447 507	177 995

	General Fund and related funds (St. V)	*Technical cooperation activities (St. VI)*	*General trust funds (St. VII)*	*Tax Equalization Fund (St. VIII)*	*Capital master plan (St. IX)*	*Capital assets and construction in progress (St. X)*	*End-of-service and post-retirement benefits (St. XI)*	*Other special funds (St. XII)*	*All funds eliminations*	*Total 2011*	*Total 2009*[a]
End-of-service and post-retirement liabilities	–	–	–	–	–	–	3 212 334	–	–	3 212 334	2 174 222
Total liabilities	**1 558 357**	**196 925**	**771 549**	**248 720**	**958 054**	**23 480**	**3 214 813**	**366 746**	**(1 247 137)**	**6 091 507**	**4 577 940**
Reserves and fund balances											
Operating reserves	–	–	35 448	–	–	–	–	125 257	–	160 705	146 939
Reserves for allocations	–	–	79 290	–	–	–	–	–	–	79 290	93 789
Balances related to projects funded by donors	–	227 656	–	–	–	–	–	–	–	227 656	245 741
Working capital funds	150 000	–	–	–	45 000	–	–	–	–	195 000	195 000
Capital funds relating to land and buildings	–	–	–	–	–	722 838	–	–	–	722 838	512 422
Authorized retained surplus	68 356	–	–	–	–	–	–	–	–	68 356	68 356
Fund principal from contributions	48 728	–	4 489	–	–	20 222	–	–	–	73 439	73 000
Cumulative surplus	163 287	–	1 018 738	30 223	1 535 606	41 575	–	884 826	–	3 674 255	3 439 640
Cumulative (deficit) — end-of-service and post-retirement benefits	–	–	–	–	–	–	(3 173 734)	–	–	(3 173 734)	(2 146 289)
Total reserves and fund balances	**430 371**	**227 656**	**1 137 965**	**30 223**	**1 580 606**	**784 635**	**(3 173 734)**	**1 010 083**	**–**	**2 027 805**	**2 628 598**
Total liabilities and reserves and fund balances	**1 988 728**	**424 581**	**1 909 514**	**278 943**	**2 538 660**	**808 115**	**41 079**	**1 376 829**	**(1 247 137)**	**8 119 312**	**7 206 538**

[a] See notes 2 and 3.

[b] The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda are reported in separate sets of financial statements. Also see note 2 (j).

[c] Represents investments in bonds, treasury bills and commercial papers.

[d] See note 2 (m) (iii) and note 13.

[e] Includes inter-fund loans and balances relating to peacekeeping activities, the United Nations Iraq escrow accounts, the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda which have not been eliminated.

The accompanying notes are an integral part of the financial statements.

Statement III

United Nations all funds summary[a,b]

Statement of cash flows for the biennium ended 31 December 2011

(Thousands of United States dollars)

	General Fund and related funds (St. V)	*Technical cooperation activities (St. VI)*	*General trust funds (St. VII)*	*Tax Equalization Fund (St. VIII)*	*Capital master plan (St. IX)*	*Capital assets and construction in progress (St. X)*	*End-of-service and post-retirement benefits (St. XI)*	*Other special funds (St. XII)*	*All funds eliminations*	*Total 2011*	*Total 2009*[c]
Cash flows from operating activities											
Net excess (shortfall) of income over expenditure (statement I)	(347 327)	(9 736)	19 115	75 333	(29 722)	(18 219)	(1 027 445)	106 908	–	(1 231 093)	585 250
(Increase) decrease in contributions receivable	(118 916)	–	(229 948)	–	(68 064)	–	–	8	–	(416 920)	163 899
(Increase) decrease in inter-fund balances receivable	(250 497)	19 823	(19 387)	13 320	(135 055)	8 431	(11 373)	(62 916)	345 072	(92 582)	37 242
(Increase) decrease in other accounts receivable	(23 859)	7 552	13 486	(21 889)	3 523	(609)	–	(3 066)	–	(24 862)	(4 401)
(Increase) decrease in other assets	(53 799)	(175)	10 094	11	(22 830)	10 694	–	4 291	–	(51 714)	(267 969)
Increase (decrease) in contributions or payments received in advance	(8 996)	–	–	–	(120 503)	–	–	738	–	(128 761)	117 464
Increase (decrease) in unliquidated obligations	34 639	(6 211)	60 147	13 304	178 425	(11 003)	–	5 454	–	274 755	695 420
Increase (decrease) in inter-fund balances payable	252 327	(15 963)	11 222	–	145 918	5 719	–	11 017	(345 072)	65 168	(17 409)
Increase (decrease) in other accounts payable	25 942	(1 562)	(7 149)	(25 046)	16 297	108	706	(14 515)	–	(5 219)	30 378
Increase (decrease) in other liabilities	822	(17)	267 850	–	–	–	–	857	–	269 512	24 701
Increase (decrease) in end-of-service and post-retirement liabilities	–	–	–	–	–	–	1 038 112	–	–	1 038 112	(157 502)

	General Fund and related funds (St. V)	*Technical cooperation activities (St. VI)*	*General trust funds (St. VII)*	*Tax Equalization Fund (St. VIII)*	*Capital master plan (St. IX)*	*Capital assets and construction in progress (St. X)*	*End-of-service and post-retirement benefits (St. XI)*	*Other special funds (St. XII)*	*All funds eliminations*	*Total 2011*	*Total 2009[c]*
Less: interest income	(37 711)	(8 254)	(42 616)	–	(34 100)	(1 026)	–	(25 685)	–	(149 392)	(221 577)
Net cash flows from operating activities	**(527 375)**	**(14 543)**	**82 814**	**55 033**	**(66 111)**	**(5 905)**	–	**23 091**	–	**(452 996)**	**985 496**
Cash flows from investing activities											
(Increase) decrease in short-term investments	–	–	(114)	–	–	–	–	(2 268)	–	(2 382)	229
(Increase) decrease in long-term investments	–	–	364	–	–	–	–	(14 171)	–	(13 807)	(8 873)
(Increase) decrease in land and buildings	–	–	–	–	–	(210 416)	–	–	–	(210 416)	(39 563)
(Increase) decrease in construction in progress	–	–	–	–	(457 284)	2 978	–	–	–	(454 306)	(700 786)
Interest income	37 711	8 254	42 616	–	34 100	1 026	–	25 685	–	149 392	221 577
Net cash flows from investing activities	**37 711**	**8 254**	**42 866**	–	**(423 184)**	**(206 412)**	–	**9 246**	–	**(531 519)**	**(527 416)**
Cash flows from financing activities											
Cancellation of prior-period obligations	45 017	–	–	–	19 736	3 338	–	6 251	–	74 342	52 545
Transfers (to) from other funds	–	69	(5 190)	–	–	–	–	2 067	–	(3 054)	(633)
Transfers (to) from other organizations	–	–	(25 349)	–	–	–	–	(38)	–	(25 387)	(56 067)
Transfer to construction in progress	–	–	–	–	640 478	24 244	–	–	–	664 722	740 349
Transfer from construction in progress	–	–	–	–	–	(27 222)	–	–	–	(27 222)	(38 407)
Transfer to capital assets	–	–	–	–	(183 194)	210 416	–	–	–	27 222	38 407
Refunds to donors	–	(8 418)	(10 701)	–	–	–	–	(3 035)	–	(22 154)	(35 210)

	General Fund and related funds (St. V)	*Technical cooperation activities (St. VI)*	*General trust funds (St. VII)*	*Tax Equalization Fund (St. VIII)*	*Capital master plan (St. IX)*	*Capital assets and construction in progress (St. X)*	*End-of-service and post-retirement benefits (St. XI)*	*Other special funds (St. XII)*	*All funds eliminations*	*Total 2011*	*Total 2009*[c]
Other adjustments to reserves and fund balances	–	–	–	(55 033)	–	–	–	(3 136)	–	(58 169)	(9 489)
Net cash flows from financing activities	**45 017**	**(8 349)**	**(41 240)**	**(55 033)**	**477 020**	**210 776**	**–**	**2 109**	**–**	**630 300**	**691 495**
Net increase (decrease) in cash and term deposits and cash pools	**(444 647)**	**(14 638)**	**84 440**	**–**	**(12 275)**	**(1 541)**	**–**	**34 446**	**–**	**(354 215)**	**1 149 575**
Cash and term deposits and cash pools, beginning of period	968 080	266 228	1 103 602	–	923 946	34 002	–	656 891	–	3 952 749	2 803 174
Cash and term deposits and cash pools, end of period	**523 433**	**251 590**	**1 188 042**	**–**	**911 671**	**32 461**	**–**	**691 337**	**–**	**3 598 534**	**3 952 749**

[a] See note 3.

[b] The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda are reported in separate sets of financial statements. Also see note 2 (j).

[c] Comparative figures have been restated to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Statement IV

United Nations General Fund

Statement of appropriations for the biennium ended 31 December 2011

(Thousands of United States dollars)

Appropriation part and section	Appropriations			Expenditures			Unencumbered balance
	Original[a]	Adjustments[b]	Final[c]	Disbursements	Unliquidated obligations	Total	
Part I. Overall policymaking, direction and coordination							
01 Overall policymaking, direction and coordination	100 848	6 476	107 324	102 644	4 680	107 324	–
02 General Assembly and Economic and Social Council affairs and conference management	676 592	15 868	692 460	680 022	12 438	692 460	–
Total	**777 440**	**22 344**	**799 784**	**782 666**	**17 118**	**799 784**	**–**
Part II. Political affairs							
03 Political affairs	1 109 991	178 223	1 288 214	1 202 573	85 641	1 288 214	–
04 Disarmament	22 299	368	22 667	22 627	40	22 667	–
05 Peacekeeping operations	107 711	1 825	109 536	102 576	6 960	109 536	–
06 Peaceful uses of outer space	8 437	220	8 657	8 538	54	8 592	65
Total	**1 248 438**	**180 636**	**1 429 074**	**1 336 314**	**92 695**	**1 429 009**	**65**
Part III. International justice and law							
07 International Court of Justice	51 010	(3 920)	47 090	45 943	1 147	47 090	–
08 Legal affairs	45 845	531	46 376	45 889	382	46 271	105
Total	**96 855**	**(3 389)**	**93 466**	**91 832**	**1 529**	**93 361**	**105**
Part IV. International cooperation for development							
09 Economic and social affairs	166 217	(8 784)	157 433	155 970	1 463	157 433	–
10 Least developed countries, landlocked developing countries and small island developing States							
11 United Nations support for the New Partnership for Africa's Development	12 786	(2 607)	10 179	9 820	123	9 943	236
12 Trade and development	140 432	7 915	148 347	147 857	490	148 347	–
13 International Trade Centre UNCTAD/WTO	30 541	5 716	36 257	36 257	–	36 257	–
14 Environment	14 406	582	14 988	14 952	36	14 988	–

Appropriation part and section	Appropriations			Expenditures			
	Original[a]	Adjustments[b]	Final[c]	Disbursements	Unliquidated obligations	Total	Unencumbered balance
15 Human settlements	21 510	912	22 422	22 295	127	22 422	–
16 International drug control, crime and terrorism prevention and criminal justice	40 996	1 870	42 866	41 594	990	42 584	282
37 United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	–	6 478	6 478	6 114	–	6 114	364
Total	**434 311**	**11 943**	**446 254**	**442 027**	**3 288**	**445 315**	**939**
Part V. Regional cooperation for development							
17 Economic and social development in Africa	132 697	(19 331)	113 366	105 009	8 357	113 366	–
18 Economic and social development in Asia and the Pacific	93 919	6 728	100 647	97 463	2 999	100 462	185
19 Economic development in Europe	67 876	3 467	71 343	70 785	558	71 343	–
20 Economic and social development in Latin America and the Caribbean	111 654	8 347	120 001	117 100	2 901	120 001	–
21 Economic and social development in Western Asia	66 603	(2 194)	64 409	62 940	1 469	64 409	–
22 Regular programme of technical cooperation	53 707	(4 817)	48 890	43 734	5 156	48 890	–
Total	**526 456**	**(7 800)**	**518 656**	**497 031**	**21 440**	**518 471**	**185**
Part VI. Human rights and humanitarian affairs							
23 Human rights	142 744	6 532	149 276	146 210	2 961	149 171	105
24 International protection, durable solutions and assistance to refugees	80 544	3 155	83 699	83 699	–	83 699	–
25 Palestine refugees	48 745	(336)	48 409	48 060	–	48 060	349
26 Humanitarian assistance	29 905	(408)	29 497	29 212	262	29 474	23
Total	**301 938**	**8 943**	**310 881**	**307 181**	**3 223**	**310 404**	**477**
Part VII. Public information							
27 Public information	186 707	5 010	191 717	189 772	1 945	191 717	–
Total	**186 707**	**5 010**	**191 717**	**189 772**	**1 945**	**191 717**	–
Part VIII. Common support services							
28A Office of the Under-Secretary-General for Management	26 174	327	26 501	26 285	99	26 384	117
28B Office of Programme Planning, Budget and Accounts	38 697	(1 397)	37 300	36 608	447	37 055	245

Appropriation part and section	*Appropriations*			*Expenditures*			*Unencumbered balance*
	Original[a]	*Adjustments*[b]	*Final*[c]	*Disbursements*	*Unliquidated obligations*	*Total*	
28C Office of Human Resources Management	72 526	2 336	74 862	71 213	3 649	74 862	–
28D Office of Central Support Services	174 517	1 305	175 822	169 836	5 986	175 822	–
28E Administration, Geneva	121 680	19 032	140 712	131 080	9 632	140 712	–
28F Administration, Vienna	39 756	296	40 052	38 595	1 457	40 052	–
28G Administration, Nairobi	32 458	(3 382)	29 076	28 653	423	29 076	–
29 Office of Information and Communications Technology	72 161	(1 596)	70 565	68 092	2 473	70 565	–
Total	**577 969**	**16 921**	**594 890**	**570 362**	**24 166**	**594 528**	**362**
Part IX. Internal oversight							
30 Internal oversight	39 439	(4 223)	35 216	34 985	231	35 216	–
Total	**39 439**	**(4 223)**	**35 216**	**34 985**	**231**	**35 216**	**–**
Part X. Jointly financed administrative activities and special expenses							
31 Jointly financed administrative activities	12 110	(1 820)	10 290	10 141	–	10 141	149
32 Special expenses	113 138	(4 500)	108 638	108 314	324	108 638	–
Total	**125 248**	**(6 320)**	**118 928**	**118 455**	**324**	**118 779**	**149**
Part XI. Capital expenditures							
33 Construction, alteration, improvement and major maintenance	61 266	(222)	61 044	36 434	24 610	61 044	–
Total	**61 266**	**(222)**	**61 044**	**36 434**	**24 610**	**61 044**	**–**
Part XII. Safety and security							
34 Safety and security	239 289	(5 135)	234 154	230 466	3 688	234 154	–
Total	**239 289**	**(5 135)**	**234 154**	**230 466**	**3 688**	**234 154**	**–**
Part XIII. Development Account							
35 Development Account	23 651	–	23 651	23 651	–	23 651	–
Total	**23 651**	**–**	**23 651**	**23 651**	**–**	**23 651**	**–**

Appropriation part and section	Appropriations			Expenditures			Unencumbered balance
	Original[a]	Adjustments[b]	Final[c]	Disbursements	Unliquidated obligations	Total	
Part XIV. Staff assessment							
36 Staff assessment	517 022	41 697	558 719	558 719	–	558 719	–
Total	**517 022**	**41 697**	**558 719**	**558 719**	**–**	**558 719**	**–**
Grand total	**5 156 029**	**260 405**	**5 416 434**	**5 219 895**	**194 257**	**5 414 152**	**2 282**

[a] Pursuant to General Assembly resolution 64/244 A.

[b] Incorporates changes arising from General Assembly resolutions 64/260, 64/288, 65/260 and 66/245, and also incorporates amounts transferred between sections of the budget with the concurrence of the Advisory Committee on Administrative and Budgetary Questions.

[c] Represents final amounts authorized for the biennium 2010-2011, after incorporating all changes.

The accompanying notes are an integral part of the financial statements.

Statement V

United Nations General Fund and related funds[a]

Statement of income and expenditure and chang[illegible]erves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	United Nations General Fund	*Working Capital Fund*	*Special Account*	*Eliminations*[b]	*Total 2011*	*Total 2009*
Income						
Assessed contributions[c]	4 999 146	–	–	–	4 999 146	4 780 138
Net revenue-producing activities	382[d]	–	–	–	382	3 920
Income for services rendered	4 444	–	–	–	4 444	5 178
Interest income	28 891	–	8 820	–	37 711	46 038
Other/miscellaneous income	25 496[e]	–	13	–	25 509	22 293
Total income	**5 058 359**	**–**	**8 833**	**–**	**5 067 192**	**4 857 567**
Expenditure						
Staff and other personnel costs	3 944 028	–	–	–	3 944 028	3 516 845
Travel	126 022	–	–	–	126 022	110 798
Contractual services	150 465	–	–	–	150 465	155 266
Operating expenses	577 632	–	–	–	577 632	458 454
Acquisitions	282 618	–	–	–	282 618	207 265
Other	333 387	–	–	–	333 387	300 793
Total expenditure	**5 414 152**	**–**	**–**	**–**	**5 414 152**	**4 749 421**
Excess (shortfall) of income over expenditure	**(355 793)**	**–**	**8 833**	**–**	**(346 960)**	**108 146**
Prior-period adjustments	(367)	–	–	–	(367)	(11 239)
Net excess (shortfall) of income over expenditure	**(356 160)**	**–**	**8 833**	**–**	**(347 327)**	**96 907**
Cancellation of prior-period obligations	45 017	–	–	–	45 017	39 667
Reserves and fund balances, beginning of period	331 278	150 000	251 403	–	732 681	596 107
Reserves and fund balances, end of period	**20 135**	**150 000**	**260 236**	**–**	**430 371**	**732 681**

Statement V (concluded)

United Nations General Fund and related funds[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	United Nations General Fund	*Working Capital Fund*	*Special Account*	*Eliminations*[b]	*Total 2011*	*Total 2009*
Assets						
Cash and term deposits	30 206	–	–	–	30 206	48 757
Cash pool[f]	236 331	–	256 896	–	493 227	919 323
Assessed contributions receivable from Member States[g]	454 409	4	–	–	454 413	335 497
Inter-fund balances receivable	670 430	149 996	12	(150 008)	670 430	419 933
Other accounts receivable	107 830	–	–	–	107 830	83 971
Deferred charges[h]	210 955	–	–	–	210 955	156 677
Other assets	1 702	–	–	–	1 702	2 181
Special account for assessed contributions unpaid pursuant to resolution 3049 C (XXVII)	16 637	–	–	–	16 637	16 637
Due from the Special Account of the United Nations Emergency Force (1956)	–	–	1 932	–	1 932	1 932
Due from the Ad Hoc Account for the United Nations Operation in the Congo	–	–	1 396	–	1 396	1 396
Total assets	**1 728 500**	**150 000**	**260 236**	**(150 008)**	**1 988 728**	**1 986 304**
Liabilities						
Contributions or payments received in advance	8 398	–	–	–	8 398	17 394
Unliquidated obligations — current period	195 329	–	–	–	195 329	210 749
Unliquidated obligations — future periods	193 617	–	–	–	193 617	143 558
Inter-fund balances payable	1 212 746	–	–	(150 008)	1 062 738	810 411
Other accounts payable	96 372	–	–	–	96 372	70 430
Other liabilities	1 903	–	–	–	1 903	1 081
Total liabilities	**1 708 365**	**–**	**–**	**(150 008)**	**1 558 357**	**1 253 623**
Reserves and fund balances						
Working capital funds	–	150 000	–	–	150 000	150 000
Authorized retained surplus	68 356	–	–	–	68 356	68 356

	United Nations General Fund	*Working Capital Fund*	*Special Account*	*Eliminations*[b]	*Total 2011*	*Total 2009*
Fund principal from contributions	–	–	48 728	–	48 728	48 728
Cumulative surplus (deficit)	(48 221)	–	211 508[i]	–	163 287	465 597
Total reserves and fund balances	**20 135**	**150 000**	**260 236**	**–**	**430 371**	**732 681**
Total liabilities, reserves and fund balances	**1 728 500**	**150 000**	**260 236**	**(150 008)**	**1 988 728**	**1 986 304**

[a] See note 5.

[b] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.

[c] See note 4 for details of assessments and reconciliation to appropriations.

[d] See schedule 5.1.

[e] See schedule 5.2.

[f] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $97,694,737, short-term investments of $115,391,196 (market value $115,591,847), long-term investments of $279,332,743 (market value $278,897,160) and accrued interest receivable of $807,911.

[g] Represents contributions unpaid irrespective of collectability.

[h] Includes commitments in respect of future financial periods of $193,617,000.

[i] Net of $3,911,000, appropriated for the United Nations Emergency Force, pursuant to General Assembly resolution 2115 (XX), sect. II.

The accompanying notes are an integral part of the financial statements.

Schedule 5.1
United Nations General Fund

Revenue-producing activities

Schedule of income and expenditure for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Sale of UN postage stamps[a]	*Sale of publications*[b]	*Services to visitors*[c]	*Statistical products*	*Gift Centre*	*Garage operations*[d]	*Catering operations*[e]	*Other commercial operations*[f]	*Total 2011*	*Total 2009*
Income										
Gross sales	11 028	8 437	8 414	1 404	833	2 053	332	1 519	34 020	42 105
Less: cost of sales	(856)	(2 324)	–	–	–	–	–	–	(3 180)	(4 549)
Net income from sales	**10 172**	**6 113**	**8 414**	**1 404**	**833**	**2 053**	**332**	**1 519**	**30 840**	**37 556**
Expenditure										
Staff and other personnel costs	8 348	5 069	7 707	232	–	1 568	450	322	23 696	24 538
Travel	95	68	–	113	–	–	–	9	285	312
Contractual services	8	670	82	–	–	–	–	7	767	1 542
Operating expenses	1 042	766	110	188	–	243	9	161	2 519	3 929
Acquisitions	58	33	163	85	–	–	–	214	553	453
Promotional costs	390	402	907	–	–	–	–	–	1 699	1 971
Management fees	–	38	–	–	–	–	–	–	38	54
Total expenditure	**9 941**	**7 046**	**8 969**	**618**	**–**	**1 811**	**459**	**713**	**29 557**	**32 799**
Excess of income over expenditure	**231**	**(933)**	**(555)**	**786**	**833**	**242**	**(127)**	**806**	**1 283**	**4 757**
Less: Revenue Accounts Unit									(901)	(837)
Net excess of income over expenditure									**382**	**3 920**

Schedule of budget estimates for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Sale of UN postage stamps	*Sale of publications*	*Services to visitors*	*Statistical products*	*Gift Centre*	*Garage operations*	*Catering operations*	*Other commercial operations*	*Total 2011*	*Total 2009*
Revised income estimates	437	(417)	(567)	683	895	293	(470)	1 006	1 860	7 060
Less: Revenue Accounts Unit									(702)	(821)
Net income estimates									**1 158**[g]	**6 239**

[a] Stamps sold are included in revenues which could be used for mailing in a future period, thereby representing a contingent liability. By its resolution 63/268, the General Assembly decided not to create a reserve for contingent liabilities for postal services.

[b] Includes net loss of $867,007 from the United Nations Office at Geneva.

[c] Includes net losses of $183,611 from the United Nations Office at Geneva, $499,375 from the United Nations Office at Vienna and $28,777 from the United Nations Office at Nairobi.

[d] Includes net loss of $35,888 from the United Nations Office at Geneva and net income of $27,888 from ESCAP.

[e] Includes net income of $29,234 from ESCAP.

[f] Represents net income of $280,713 from ESCAP, $474,725 from ECA and $50,197 from the United Nations Office at Vienna.

[g] Represents final net income estimates for the biennium 2010-2011 approved by the General Assembly in resolution 66/245 of 24 December 2011.

Schedule 5.2

United Nations General Fund

Schedule of miscellaneous income for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Final estimates for the biennium 2010-2011[a]	*Actual for the biennium 2010-2011*	*Actual for the biennium 2008-2009*
Net income from revenue-producing activities (schedule 5.1)	1 158	382	3 920
Income for services rendered	4 611	4 444	5 178
Interest income	30 124	28 891	31 304
Other/miscellaneous income:			
Income from rental of premises	8 738	10 557	10 779
Sale of used equipment	1 191	1 789	2 182
Refund of prior years' expenditures	3 446	4 156	7 971
Contributions of non-Member States and new Member States	22	22	21
Other	2 566	8 972	1 324
Subtotal other/miscellaneous income	**15 963**	**25 496**	**22 277**
Total miscellaneous income	**51 856**	**59 213**	**62 679**

[a] Represents amounts approved by the General Assembly in resolutions 64/244, 65/260 and 66/245.

Statement VI
Technical cooperation activities[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	United Nations	*ECA*	*ESCAP*	*ECE*	*ECLAC*	*ESCWA*	*UNCTAD*	*UN-Habitat*	*Total 2011*	*Total 2009*[b]
Income										
Voluntary contributions	123 125	30 449	22 494	18 114	27 774	5 375	67 508	–	294 839	283 369
Funds received under inter-organization arrangements	5 315	2 777	1 221	476	2 993	3 205	8 561	–	24 548	23 645
Allocations from other funds[c]	16 744	10 041	5 649	3 446	5 627	4 459	1 852	1 070	48 888	48 449
Interest income	3 527	1 133	1 012	480	571	140	1 391	–	8 254	14 995
Other miscellaneous income	141	8		5	253	–	–	–	407	842
Total income	**148 852**	**44 408**	**30 376**	**22 521**	**37 218**	**13 179**	**79 312**	**1 070**	**376 936**	**371 300**
Expenditure										
Staff and other personnel costs	125 713	17 308	14 602	11 186	23 465	4 548	47 425	950	245 197	232 769
Travel	5 103	3 669	1 716	4 257	5 330	589	9 367	76	30 107	26 461
Contractual services	7 532	2 344	3 698	1 827	709	1 404	1 684	–	19 198	24 875
Operating expenses	2 017	962	813	234	1 646	67	800	34	6 573	4 890
Acquisitions	3 066	232	162	45	211	117	1 696	10	5 539	9 189
Other	10 963	12 762	6 678	1 363	5 089	1 525	8 175	–	46 555	36 067
Total project costs	**154 394**	**37 277**	**27 669**	**18 912**	**36 450**	**8 250**	**69 147**	**1 070**	**353 169**	**334 251**
Programme support costs	14 222	3 465	2 609	1 915	3 226	317	7 687	–	33 441	30 981
Total expenditure	**168 616**	**40 742**	**30 278**	**20 827**	**39 676**	**8 567**	**76 834**	**1 070**	**386 610**	**365 232**
Excess (shortfall) of income over expenditure	**(19 764)**	**3 666**	**98**	**1 694**	**(2 458)**	**4 612**	**2 478**	**–**	**(9 674)**	**6 068**
Prior-period adjustments	(25)	(29)	(8)	–	–	–	–	–	(62)	(3)
Net excess (shortfall) of income over expenditure	**(19 789)**	**3 637**	**90**	**1 694**	**(2 458)**	**4 612**	**2 478**	**–**	**(9 736)**	**6 065**

	United Nations	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UN-Habitat	Total 2011	Total 2009[b]
Transfers (to) from other funds	100	–	–	–	(31)	–	–	–	69	(281)
Refund to donors	(2 619)	(685)	(267)	(264)	(524)	(1 081)	(2 978)	–	(8 418)	(7 579)
Reserves and fund balances, beginning of period	103 385	31 173	28 787	13 672	18 964	2 455	47 305	–	245 741	247 536
Reserves and fund balances, end of period	**81 077**	**34 125**	**28 610**	**15 102**	**15 951**	**5 986**	**46 805**	**–**	**227 656**	**245 741**

Statement VI (concluded)

Technical cooperation activities[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	United Nations	*ECA*	*ESCAP*[c]	*ECE*	*ECLAC*	*ESCWA*	*UNCTAD*	*UN-Habitat*	*Total 2011*	*Total 2009*[b]
Assets										
Cash and term deposits	728	–	4 429	–	233	–	97	–	5 487	2 049
Offices away from Headquarters cash pool[d]	–	43 797	31 182	15 726	17 088	7 699	47 793	–	163 285	160 372
Cash pool[e]	82 818	–	–	–	–	–	–	–	82 818	103 807
Inter-fund balances receivable	107 936	39 748	5	167	318	–	983	–	149 157	168 980
Receivable from funding sources	204	–	404	33	69	–	1 282	–	1 992	4 834
Other accounts receivable	11 104	170	43	104	33	643	1 557	–	13 654	18 364
Deferred charges	5 979	674	20	199	424	849	43	–	8 188	8 013
Total assets	**208 769**	**84 389**	**36 083**	**16 229**	**18 165**	**9 191**	**51 755**	**–**	**424 581**	**466 419**
Liabilities										
Unliquidated obligations — prior periods	–	20	224	–	–	–	–	–	244	821
Unliquidated obligations — current period	11 473	5 105	3 410	843	1 182	1 406	2 934	–	26 353	32 126
Unliquidated obligations — future periods	5 678	647	–	165	423	849	4	–	7 766	7 627
Inter-fund balances payable	108 677	43 885	3 100	33	2	120	1 490	–	157 307	173 270
Payables due to funding sources	1 175	238	–	–	–	781	256	–	2 450	2 603
Deferred income	–	–	–	–	–	–	–	–	–	1
Other accounts payable	672	369	739	86	607	49	266	–	2 788	4 197
Other liabilities	17	–	–	–	–	–	–	–	17	33
Total liabilities	**127 692**	**50 264**	**7 473**	**1 127**	**2 214**	**3 205**	**4 950**	**–**	**196 925**	**220 678**
Reserves and fund balances										
Extrabudgetary funds relating to projects funded by donors	81 077	34 125	28 610	15 102	15 951	5 986	46 805	–	227 656	245 741
Total reserves and fund balances	**81 077**	**34 125**	**28 610**	**15 102**	**15 951**	**5 986**	**46 805**	**–**	**227 656**	**245 741**
Total liabilities and reserves and fund balances	**208 769**	**84 389**	**36 083**	**16 229**	**18 165**	**9 191**	**51 755**	**–**	**424 581**	**466 419**

(Footnotes on following page)

(Footnotes to statement VI)

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[a] See notes 2 (o) and 6.

[b] Comparative figures have been restated to conform to the current presentation.

[c] Represents expenditures under section 22 of the regular budget (see statement IV) of $48,889,613 and an adjustment to allocations from general trust funds of ($2,034).

[d] Represents share of the United Nations offices away from Headquarters cash pool and comprises cash and term deposits of $18,557,794, short-term investments of $46,636,279 (market value $46,722,534), long-term investments of $97,691,202 (market value $97,856,698) and accrued interest receivable of $399,204.

[e] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $16,403,965, short-term investments of $19,375,386 (market value $19,409,077), long-term investments of $46,902,881 (market value $46,829,743) and accrued interest receivable of $135,657.

The accompanying notes are an integral part of the financial statements.

Statement VII

United Nations general trust funds[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Political affairs	*International justice and law*	*Economic and social development*	*Human rights and humanitarian affairs*	*Public information*	*Common support and miscellaneous*	*United Nations Office for Partnerships*[b]	*Eliminations*[c]	*Total 2011*	*Total 2009*
Income										
Voluntary contributions	200 302	6 474	66 543	1 934 862	2 663	17 266	103 664	–	2 331 774	2 225 590
Funds received under inter-organization arrangements	29 709	1 645	915	99 860	57	45	–	–	132 231	46 486
Allocations from other funds	609	–	–	3 568	–	–	–	(3 568)	609	586
Interest income[d]	8 936	367	1 537	29 719	271	968	818	–	42 616	68 375
Other/miscellaneous income[e]	5 601	348	928	59 624	2 053	683	6 557	–	75 794	100 921
Total income	**245 157**	**8 834**	**69 923**	**2 127 633**	**5 044**	**18 962**	**111 039**	**(3 568)**	**2 583 024**	**2 441 958**
Expenditure										
Staff and other personnel costs	50 334	3 763	26 893	460 699	2 462	10 968	457	–	555 576	487 996
Travel	27 450	1 167	9 471	62 032	414	6 190	105	–	106 829	79 362
Contractual services	9 693	480	3 644	133 942	825	1 074	535	–	150 193	169 338
Operating expenses	53 918	330	2 516	107 014	1 362	1 172	35	–	166 347	106 299
Acquisitions	17 692	236	149	53 206	6	1 450	–	–	72 739	54 779
Other[f]	24 431	1 331	6 680	1 142 660	3	628	114 548	(3 526)	1 286 755	1 109 630
Programme support costs (implementing partners)	973	–	559	72 364	–	238	–	(42)	74 092	67 440
Total direct expenditure	**184 491**	**7 307**	**49 912**	**2 031 917**	**5 072**	**21 720**	**115 680**	**(3 568)**	**2 412 531**	**2 074 844**

	Political affairs	International justice and law	Economic and social development	Human rights and humanitarian affairs	Public information	Common support and miscellaneous	United Nations Office for Partnerships[b]	Eliminations[c]	Total 2011	Total 2009
Programme support costs (United Nations)	14 125	734	4 158	120 626	645	1 909	105	–	142 302	117 870
Total expenditure	**198 616**	**8 041**	**54 070**	**2 152 543**	**5 717**	**23 629**	**115 785**	**(3 568)**	**2 554 833**	**2 192 714**
Excess (shortfall) of income over expenditure	**46 541**	**793**	**15 853**	**(24 910)**	**(673)**	**(4 667)**	**(4 746)**	–	**28 191**	**249 244**
Prior-period adjustments	(3 314)[g]	–	67	(1 983)[h]	–	(1)	(3 845)[i]	–	(9 076)	(2 241)
Net excess (shortfall) of income over expenditure	**43 227**	**793**	**15 920**	**(26 893)**	**(673)**	**(4 668)**	**(8 591)**	–	**19 115**	**247 003**
Transfers (to) from other funds	52	–	326	(2 784)[j]	–	(748)	(2 036)[k]	–	(5 190)	(2 904)
Transfers (to) from other organizations	(3 597)[l]	–	(19 152)[m]	(2 600)[n]	–	–	–	–	(25 349)	(56 067)
Refunds to donors	(6 255)	(231)	(632)	(3 137)	(155)	(291)	–	–	(10 701)	(27 001)
Other adjustments to reserve and fund balances	–	–	–	–	–	–	–	–	–	941
Reserves and fund balances, beginning of period	205 858	9 262	44 614	845 407	6 946	26 983	21 020	–	1 160 090	998 118
Reserves and fund balances, end of period	**239 285**	**9 824**	**41 076**	**809 993**	**6 118**	**21 276**	**10 393**	–	**1 137 965**	**1 160 090**

Statement VII (concluded)

United Nations general trust funds[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	Political affairs	*International justice and law*	*Economic and social development*	*Human rights and humanitarian affairs*	*Public information*	*Common support and miscellaneous*	*United Nations Office for Partnerships*[b]	*Eliminations*[c]	*Total 2011*	*Total 2009*
Assets										
Cash and term deposits	96	–	565	780	34	205	49	–	1 729	1 670
Short-term investments	–	–	–	–	–	389[o]	–	–	389	275
Long-term investments	–	–	–	–	–	1 724[o]	–	–	1 724	2 088
Offices away from Headquarters cash pool[p]	4 441	62	8 519	412 017	–	8 580	–	–	433 619	383 706
Cash pool[q]	259 147	9 457	32 313	427 764	6 952	10 477	6 584	–	752 694	718 226
Voluntary contributions receivable	8 563	263	2 942	408 996	2	37	5	–	420 808	190 860
Inter-fund balances receivable	228	502	2 157	18 631	8	221	–	–	21 747	2 360
Other accounts receivable	551	9	348	33 881	3	195	3 043	–	38 030	35 550
Other assets	28	–	27	1 444	71	72	50	–	1 692	11 786
Advances to implementing partners	1 818	–	281	188 912	–	2 051	44 020	–	237 082	253 048
Total assets	**274 872**	**10 293**	**47 152**	**1 492 425**	**7 070**	**23 951**	**53 751**	–	**1 909 514**	**1 599 569**
Liabilities										
Unliquidated obligations — current period	17 840	171	2 703	240 672	201	568	43 283	–	305 438	234 831
Unliquidated obligations — future periods	–	–	–	194	71	–	50	–	315	10 775
Inter-fund balances payable	11 971	104	194	237	328	278	11	–	13 123	1 901
Other accounts payable	1 285	64	813	6 640	32	523	14	–	9 371	16 520
Deferred income	4 491	130	2 366	434 689	320	1 306	–	–	443 302	175 452
Total liabilities	**35 587**	**469**	**6 076**	**682 432**	**952**	**2 675**	**43 358**	–	**771 549**	**439 479**
Reserves and fund balances										
Operating reserves	914	10	1 310	32 829	–	385	–	–	35 448	33 506
Reserves for allocations	2 043	–	763	74 433	–	2 051	–	–	79 290	93 789

	Political affairs	*International justice and law*	*Economic and social development*	*Human rights and humanitarian affairs*	*Public information*	*Common support and miscellaneous*	*United Nations Office for Partnerships*[b]	*Eliminations*[c]	*Total 2011*	*Total 2009*
Fund principal from contributions	–	–	–	2 000	1 000	1 489	–	–	4 489	4 050
Cumulative surplus (deficit)	236 328	9 814	39 003	700 731	5 118	17 351	10 393	–	1 018 738	1 028 745
Total reserves and fund balances	**239 285**	**9 824**	**41 076**	**809 993**	**6 118**	**21 276**	**10 393**	–	**1 137 965**	**1 160 090**
Total liabilities and reserves and fund balances	**274 872**	**10 293**	**47 152**	**1 492 425**	**7 070**	**23 951**	**53 751**	–	**1 909 514**	**1 599 569**

[a] See note 7.

[b] See note 7 (c).

[c] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.

[d] Includes investment income from the cash pools and accrued interest reported by implementing partners.

[e] Includes cancellation of prior-period obligations.

[f] Includes grants funded from the Central Emergency Response Fund and the United Nations Fund for International Partnerships.

[g] Includes an adjustment to 2008-2009 expenditures of $2,803,972 previously recorded under the United Nations Mission in the Central African Republic and Chad (MINURCAT) and a programme support costs adjustment of $172,141 under the Trust Fund for the Support of the Activities of MINURCAT.

[h] Includes net adjustment of prior-period expenditures reported by implementing partners of $430,754, write-off of balance of loan to WHO of $400,000 under the Central Emergency Response Fund, and the cancellation of a prior-period pledge by the Department for International Development (DFID UK) of $1,077,944 under the Trust Fund for Disaster Relief.

[i] Represents an accounting adjustment to record prior-period project expenditures incurred by UNEP of $3,083,867 and other net adjustments to prior-period expenditures reported by implementing partners.

[j] Represents transfers of $2,298,095 from the Trust Fund for Humanitarian Relief in Iraq and $486,318 from the Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait and Iraq-Turkey and Iraq-Iran Border Areas to the United Nations escrow accounts established under the provisions of all Security Council resolutions relating to Iraq (excluding resolution 1958 (2010)).

[k] Represents transfer to the United Nations Fund for International Partnerships Special Account for Administrative Cost Recoveries (schedule 12.2).

[l] Includes transfers to UNDP of $2,440,739 and to UNICEF of $450,000 from the Trust Fund of the Settlement of the Question of East Timor, and the transfer to UNDP of $402,751 from the Trust Fund to Support the "Distinct Entity" created to Provide Security for the United Nations Presence in Iraq.

[m] Includes transfers from the Trust Fund for the Implementation of the Beijing Declaration and Platform for Action of $4,435,737, and from the Trust Fund for the International Research and Training Institute for the Advancement of Women of $14,644,377 to UN-Women in accordance with General Assembly resolution 64/289

[n] Represents transfers to the UNDP Common Humanitarian Fund for Somalia from the Trust Fund for Disaster Relief.

[o] The market value of short-term investments is $389,178 and the market value of long-term investments is $1,864,337.

[p] Represents share of the United Nations Offices away from Headquarters cash pool and comprises cash and term deposits of $49,282,125, short-term investments of $123,847,418 (market value $124,076,517), long-term investments of $259,429,001 (market value $259,868,490) and accrued interest receivable of $1,060,125.

[q] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $149,088,267, short-term investments of $176,094,168 (market value $176,400,374), long-term investments of $426,279,201 (market value $425,614,475) and accrued interest receivable of $1,232,922.

The accompanying notes are an integral part of the financial statements.

Schedule 7.1
United Nations general trust funds

Schedule of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Political affairs				
Trust Fund for the United Nations Guard Contingent	**590**	**880**	**–**	**1 470**
Trust Fund for Iraq-Kuwait Border Issues	**3 849**	**745**	**461**	**4 133**
United Nations Disarmament Information Programme	**341**	**120**	**46**	**415**
United Nations Centre for Disarmament: Geneva Research and Reference Collection Trust Fund	**41**	**1**	**3**	**39**
United Nations Institute for Disarmament Research	**1 043**	**6 488**	**6 166**	**1 365**
Trust Fund for the United Nations Programme on Space Applications	**2 271**	**1 842**	**1 642**	**2 471**
United Nations Regional Centre for Peace and Disarmament in Africa	**779**	**177**	**805**	**151**
Trust Fund for the United Nations Regional Centre for Peace, Disarmament and Development in Latin America	**1 304**	**4 211**	**3 441**	**2 074**
Trust Fund for Global and Regional Disarmament Activities	**5 015**	**7 516**	**4 426**	**8 105**
Trust Fund for the United Nations Regional Centre for Peace and Disarmament in Asia	**560**	**589**	**437**	**712**
Trust Fund of the United Nations Standing Advisory Committee on Security Questions in Central Africa	**10**	**67**	**25**	**52**
Trust Fund in Support of Political Affairs	**32 924**	**26 962**	**32 156**	**27 730**
United Nations Trust Fund for Electoral Assistance	**2 085**	**113**	**939**	**1 259**
Trust Fund for the Guatemala Peace Process	**1 677**	**61**	**371**	**1 367**
Trust Fund for Negotiations to Find a Comprehensive Settlement of the Georgian/Abkhaz Conflict	**420**	**13**	**163**	**270**
Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia/Eritrea Border	**3 831**	**144**	**84**	**3 891**
Trust Fund for the Settlement of the Question of East Timor	**6 566**	**145**	**3 153**	**3 558**
Trust Fund for the United Nations Integrated Peacebuilding Office in Guinea-Bissau (UNIOGBIS)	**434**	**6 385**	**207**	**6 612**
Trust Fund in Support of the Activities of the Committee on the Exercise of the Inalienable Rights of the Palestinian People	**30**	**1**	**–**	**31**
Trust Fund for Updating the Repertoire of the Practice of the Security Council	**400**	**61**	**124**	**337**
Trust Fund to Support the Peace Process in Ethiopia and Eritrea	**1 122**	**35**	**628**	**529**
Trust Fund for Peacebuilding in Somalia	**1 828**	**1 234**	**1 864**	**1 198**
Trust Fund for Somalia-Unified Command	**372**	**14**	**–**	**386**

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund in Support of the Implementation of the Agreement on a Cease-fire and Separation of Forces Signed in Moscow on 14 May 1994	402	12	403	11
Trust Fund for the Police Assistance Programme in Bosnia and Herzegovina	292	11	–	303
Trust Fund for Children and Armed Conflict	838	107	305	640
Trust Fund to Support United Nations Peacekeeping-related Efforts in Sierra Leone	254	208	98	364
Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities	7 094	268	–	7 362
Trust Fund for Peacemaking Activities of the Secretary-General	214	8	–	222
Trust Fund for Assistance to the Special Representative of the United Nations Secretary-General for Burundi in Support of Peacekeeping	311	11	–	322
Trust Fund in Support of the Department of Peacekeeping Operations	5 471	20 959	14 078	12 352
Trust Fund for UNSCO (United Nations Special Coordinator for the Middle East Peace Process)	104	4	–	108
Trust Fund for the Great Lakes Region	1 167	51	–	1 218
Trust Fund for the Rapidly Deployable Mission Headquarters	957	36	–	993
Trust Fund for Preventive Action	2 045	366	1 263	1 148
Trust Fund for the Consolidation of Peace through Practical Disarmament Measures	86	12	45	53
Trust Fund to Support the Peace Process in the Democratic Republic of the Congo	6 531	1 235	5 480	2 286
Trust Fund to Support the United Nations Interim Administration in Kosovo	998	37	–	1 035
Trust Fund for Afghanistan	625	24	–	649
Trust Fund for the Promotion of Social and Economic Development in Afghanistan	51	18 772	17 409	1 414
Trust Fund to Support the Ituri Pacification Commission	6	1	–	7
Trust Fund to Support the "Distinct Entity" created to Provide Security for the United Nations Presence in Iraq	429	–	429	–
United Nations Democracy Trust Fund	57 567	23 512	37 162	43 917
Trust Fund in Support of the Political Transition in Haiti	51	954	82	923
Trust Fund in Support of the Peace Process in the Sudan	1 425	485	812	1 098
Trust Fund for the African Union-United Nations Joint Mediation Support Team for Darfur	12 740	945	7 020	6 665
Trust Fund for the Support of the Activities of the United Nations Mission in the Central African Republic and Chad	6 503	10 271	13 325	3 449
Trust Fund to Support Lasting Peace in Darfur	263	10	79	194
Trust Fund for the Peacebuilding Support Office	4 101	5 914	7 619	2 396
Trust Fund in Support of the United Nations Register of Damage	1 698	695	1 851	542
Trust Fund for the Global Initiative on Biotechnology Security	236	23	159	100

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund for Counter-Terrorism	**2 892**	**6 011**	**3 106**	**5 797**
Trust Fund in Support of the African Union Mission to Somalia	**21 536**	**20 156**	**28 871**	**12 821**
Trust Fund in Support of the Somali Transitional Security Institutions	**743**	**21 661**	**12 958**	**9 446**
Trust Fund in Support of the Construction of the United Nations Compound in Baghdad, Iraq	**736**	**51 069**	**(26)**	**51 831**
Trust Fund in Support of the Office of the Special Representative of the Secretary-General on Sexual Violence	**–**	**2 650**	**1 839**	**811**
Trust Fund for the Counter-Terrorism Committee Executive Directorate	**–**	**875**	**222**	**653**
Subtotal — Political affairs	**205 858**	**245 157**	**211 730**	**239 285**
International justice and Law				
Trust Fund for the United Nations Programme of Assistance in the Teaching, Study, Dissemination and Wider Appreciation of International Law	**925**	**477**	**660**	**742**
United Nations Commission on International Trade Law Symposiums	**143**	**678**	**69**	**752**
Seminar on International Law	**90**	**103**	**149**	**44**
Trust Fund to Assist States in the Judicial Settlement of Disputes through the International Court of Justice	**2 790**	**159**	**–**	**2 949**
Trust Fund on the Voluntary Fund to Grant Travel Assistance to Developing Countries Members of the United Nations Commission on International Trade Law	**11**	**15**	**15**	**11**
Trust Fund for the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda	**1 186**	**745**	**817**	**1 114**
Trust Fund to Assist States in the Settlement of Disputes through the International Tribunal for the Law of the Sea	**142**	**33**	**–**	**175**
Trust Fund to Assist Developing States in Attending Meetings of the Informal Consultative Process on Oceans and the Law of the Sea	**57**	**34**	**51**	**40**
Trust Fund to Assist Developing States in the Preparation of Submissions to the Commission on the Limits of the Continental Shelf	**792**	**748**	**303**	**1 237**
Trust Fund to Assist Members of the Commission on the Limits of the Continental Shelf from Developing States to Participate in its Meetings	**628**	**686**	**500**	**814**
Trust Fund for the Repertory of Practice of United Nations Organs	**68**	**22**	**52**	**38**
Trust Fund for the Office of Legal Affairs to Support the Promotion of International Law	**431**	**537**	**427**	**541**
Voluntary Fund to Support the Activities of the International Tribunal Established by Security Council Resolution 827 (1993)	**1 524**	**4 400**	**4 784**	**1 140**
Trust Fund for the Special Tribunal for Lebanon	**3**	**–**	**3**	**–**
Trust Fund on the Backlog relating to the Yearbook of the International Law Commission	**16**	**34**	**13**	**37**

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund to Support the Coordination and Coherence of the Rule of Law Activities of the United Nations System	456	57	371	142
Trust Fund for the Regular Process for Global Reporting and Assessment of the Marine Environment, including Socioeconomic Aspects	–	106	58	48
Subtotal — International justice and Law	**9 262**	**8 834**	**8 272**	**9 824**
Economic and social development				
Trust Fund for Development Planning and Projections	189	7	165	31
United Nations Research Institute for Social Development	1 912	7 646	7 332	2 226
Trust Fund for Ageing	304	31	21	314
United Nations Youth Fund	290	126	190	226
Trust Fund for the Financing of the Implementation of the Convention on Long-range Transboundary Air Pollution	3 603	5 688	5 456	3 835
Trust Fund for the ECE Study on Long-term European Timber Trends and Prospects	47	215	166	96
United Nations Voluntary Fund on Disability	821	962	609	1 174
Trust Fund for Statistical Development and Capacity-Building	1 285	625	817	1 093
Trust Fund for the International Research and Training Institute for the Advancement of Women	10 879	6 807	17 686	–
United Nations/ECE Trust Fund on Human Settlements	1 399	180	516	1 063
Trust Fund for the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting	9	34	40	3
Trust Fund for International Cooperation for Development	811	29	278	562
Trust Fund for the Implementation of the Beijing Declaration and Platform for Action	5 166	334	5 500	–
Trust Fund for Case Studies on the Functioning of the Operational Activities for Development of the United Nations system	260	2 747	1 574	1 433
Policy Analysis on Transnational Corporations	62	2	–	64
Trust Fund for United Nations Electronic Data Interchange for Administration, Commerce and Transport	104	8	20	92
Trust Fund for the ECE Project Energy Efficiency 2000	22	10	12	20
United Nations Trust Fund on Family Activities	572	22	69	525
Trust Fund for Population and Development	371	254	410	215
Trust Fund for Assistance to Countries in Transition	136	11	1	146
Trust Fund for the Follow-up to the World Summit for Social Development	1 139	242	101	1 280
Trust Fund for ECE Follow-up Activities of the Fourth World Conference on Women	9	–	2	7
Trust Fund for Environmental Performance Reviews and the "Environment for Europe"	477	524	540	461
Trust Fund for Supporting ECE Regional Conferences and Meetings, including Preparatory Meetings for Global Conferences	2	3	–	5

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund for Support of the Work of the Commission on Sustainable Development	**1 087**	**6 401**	**3 307**	**4 181**
Trust Fund for Support of the Activities of the Office of the Special Adviser on Africa to the New Partnership for Africa's Development and the Tokyo International Conference on the African Development Process	**380**	**16**	**–**	**396**
Trust Fund for the Alliance of Civilizations	**2 138**	**9 024**	**7 676**	**3 486**
Trust Fund to Support Activities for the Follow-up to the International Conference on Financing for Development	**470**	**66**	**237**	**299**
Global Compact Trust Fund	**4 463**	**10 567**	**8 318**	**6 712**
Trust Fund in Support of the United Nations Forum on Forests	**2 493**	**2 342**	**1 883**	**2 952**
Trust Fund in Support of Activities undertaken by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States	**1 180**	**9 261**	**6 845**	**3 596**
Trust Fund on Indigenous Issues	**621**	**830**	**646**	**805**
Trust Fund for the Support of Activities related to the Preparation and Organization of the International Ministerial Meeting of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation and to its follow-up	**673**	**273**	**19**	**927**
Trust Fund for the Annual Ministerial Review and the Development Cooperation Forum	**1 121**	**1 349**	**1 493**	**977**
Trust Fund to Support the United Nations Response to Climate Change	**109**	**32**	**88**	**53**
Trust Fund in Support of the United Nations Non-Governmental Organization Informal Regional Network	**10**	**161**	**103**	**68**
General Trust Fund for ESCAP Regional Activities	**–**	**3 094**	**1 341**	**1 753**
Subtotal — Economic and social development	**44 614**	**69 923**	**73 461**	**41 076**
Human rights and humanitarian affairs				
Afghanistan Emergency Trust Fund	**1 149**	**39**	**12**	**1 176**
Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait and the Iraq-Turkey and Iraq-Iran Border Areas	**480**	**6**	**486**	**–**
Trust Fund for the Strengthening of the Emergency Relief Coordinator (OCHA)	**15 752**	**111 847**	**103 888**	**23 711**
Committee on the Elimination of Racial Discrimination	**477**	**14**	**–**	**491**
Programme of the Decade for Action to Combat Racism and Racial Discrimination	**831**	**84**	**22**	**893**
United Nations Voluntary Fund for Victims of Torture	**17 104**	**18 066**	**25 251**	**9 919**
United Nations Voluntary Fund for Indigenous Populations	**1 034**	**364**	**801**	**597**
Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights	**19 332**	**36 674**	**38 086**	**17 920**
Trust Fund for Disaster Relief	**219 063**	**633 588**	**630 978**	**221 673**
Trust Fund for Disaster Reduction	**11 690**	**55 573**	**53 798**	**13 465**

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Sasakawa Disaster Prevention Award Endowment Fund	2 297	76	130	2 243[b]
United Nations Trust Fund for Contemporary Forms of Slavery	1 613	1 204	1 767	1 050
Trust Fund for the Human Rights Education Programme in Cambodia	1 462	1 536	1 796	1 202
Cambodia Trust Fund	1 265	–	1 265	–
Trust Fund for Humanitarian Relief in Iraq	2 270	28	2 298	–
Trust Fund for Support to the Activities of the Centre for Human Rights	92 418	177 056	185 667	83 807
Voluntary Trust Fund for Assistance in Mine Clearance	77 583	142 699	148 798	71 484
Central Emergency Response Fund	233 496	918 489	903 429	248 556
Trust Fund for Tsunami Disaster Relief	5 209	210	1 066	4 353
Trust Fund for Human Security	139 049	28 086	62 228	104 907
Voluntary Fund for Participation in the Universal Periodic Review	1 294	987	702	1 579
Voluntary Fund for Financial and Technical Assistance for the Implementation of the Universal Periodic Review	539	1 007	579	967
Subtotal — Human rights and humanitarian affairs	**845 407**	**2 127 633**	**2 163 047**	**809 993**
Public information				
Trust Fund for Economic and Social Information	864	852	1 189	527
Trust Fund for Public Awareness on Disarmament Issues	1 115	69	79	1 105[c]
Development Forum Trust Fund	3 109	2 101	2 426	2 784
Trust Fund for Expanding Public Information Activities in Japan	195	296	412	79
Trust Fund for Information Support for African Economic Recovery and Development	23	1	14	10
Trust Fund for Jointly Financed Information Projects	308	68	92	284
United Nations Trust Fund for Education and Communication	197	6	92	111
Trust Fund for Government Contributions to United Nations Information Centres	1 135	1 651	1 568	1 218
Subtotal — Public information	**6 946**	**5 044**	**5 872**	**6 118**
Common support and miscellaneous				
Trust Fund for Assistance in the Training of United Nations Staff in the French Language	18	1	–	19
Meditation Room Gifts from New York City	15	1	–	16
Sculpture in Memory of Hammarskjöld, Grant by the Blaustein Foundation	20	1	–	21
Trust Fund for German Language Translation	427	3 438	3 225	640
Library Endowment Fund	2 277	252	145	2 384[d]
Personal and Real Property Willed to the United Nations	6 080	833	4 351	2 562
Hamish Brown Fellowship Fund	3	–	–	3
The Special (Ralph Bunche) Account for the Secretary-General for Purposes Related to Peace and Security	288	8	–	296

	Reserves and fund balances at beginning of period	*Income*	*Expenditure and other adjustments*[a]	*Reserves and fund balances at end of period*
Trust Fund for the Gilberto Amado Memorial Lecture	2	8	8	2
Trust Fund for the Restoration and Maintenance of the Peace Bell	35	2	–	37
Trust Fund for Staff Health Promotion	36	1	–	37
Trust Fund for Assistance with Field Mission Transport Management	55	2	–	57
Trust Fund to Promote Information to United Nations Staff about the Work of the Organization	125	3	62	66
Trust Fund for the Special Projects of the Secretary-General	281	233	97	417
Trust Fund for United Nations Reform	1 591	201	1 672	120
Trust Fund for Security of Staff Members of the United Nations System	1 696	882	1 042	1 536
Trust Fund for the Millennium Assembly and the Millennium Summit of the United Nations	344	317	315	346
United Nations Trust Fund for Enhancing Professional Capacity in Internal Oversight Functions	56	2	13	45
Trust Fund for Headquarters Refurbishment of the Auditorium	109	–	109	–
Trust Fund to Support Management and Reform Activities	24	1	–	25
Trust Fund to Support Programmes on HIV/AIDS and Peacekeeping	14	47	1	60
Trust Fund for the International Year of Sport and Physical Education 2005	22	1	–	23
Trust Fund for Sports for Development and Peace	632	2 801	2 167	1 266
Trust Fund for the United Nations Office at Geneva Local Support Services	141	795	821	115
Special Fund for Support of the Joint Inspection Unit Activities	84	164	244	4
Trust Fund for Climate Change Support	925	5 257	4 946	1 236
Trust Fund for the Implementation of the High-level Committee on Management Plan of Action for the Harmonization of Business Practices in the United Nations system	8 819	1 823	1 709	8 933
Trust Fund to Support the Global Impact and Vulnerability Alert System	2 764	1 346	3 176	934
Trust Fund for United Nations Staff Legal Assistance	–	69	46	23
Trust Fund in Support of General Assembly and Conference Management Activities	100	473	520	53
Subtotal — Common support and miscellaneous	**26 983**	**18 962**	**24 669**	**21 276**
United Nations Office for Partnerships				
United Nations Fund for International Partnerships	20 624	110 200	121 442	9 382
Trust Fund for Partnerships	396	839	224	1 011
Subtotal — United Nations Office for Partnerships	**21 020**	**111 039**	**121 666**	**10 393**
Total (statement VII)	**1 160 090**	**2 586 592**	**2 608 717**	**1 137 965**

(Footnotes on following page)

(Footnotes to schedule 7.1)

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[a] Represents:

Expenditure	2 554 833
Expenditure elimination	3 568
Prior-period adjustments	9 076
Transfers to (from) other funds	5 190
Transfers to (from) other organizations	25 349
Refunds to donors	10 701
Total	2 608 717

[b] Includes permanent endowment of $2,000,000.

[c] Includes permanent endowment of $1,000,000.

[d] Includes permanent endowment of $1,488,726.

Statement VIII
United Nations Tax Equalization Fund[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	United States of America	*Other Member States*	*Total 2011*	*Total 2009*
Income				
Staff assessment receipts from:				
United Nations regular budget[b]	123 790	438 890	562 680	496 359
Peacekeeping operations	111 582	299 286	410 868	350 619
International Tribunals	15 922	48 858	64 780	66 863
Total income	**251 294**	**787 034**	**1 038 328**	**913 841**
Expenditure				
Estimated reimbursements to staff members subject to United States income taxes for tax years 2010 and 2011				
Federal income taxes	118 122	–	118 122	99 222
State income taxes	32 906	–	32 906	28 577
City income taxes	9 599	–	9 599	8 800
Social Security taxes	24 173	–	24 173	21 710
Reimbursements and adjustments relating to prior tax years	9 279	–	9 279	4 236
Subtotal	**194 079**	**–**	**194 079**	**162 545**
Credits given to other Member States for:[c]				
United Nations regular budget	–	417 967	417 967	401 549
Peacekeeping operations	–	300 259	300 259	250 793
International Tribunals	–	48 508	48 508	45 630
Subtotal	**–**	**766 734**	**766 734**	**697 972**
Staff costs and others	2 176	–	2 176	1 458
Total expenditure	**196 255**	**766 734**	**962 989**	**861 975**
Excess (shortfall) of income over expenditure	**55 039**	**20 300**	**75 339**	**51 866**
Prior-period adjustments	(6)	–	(6)	(73)
Net excess (shortfall) of income over expenditure	**55 033**	**20 300**	**75 333**	**51 793**
Cancellation of prior-period obligations	–	–	–	856
Other adjustments to reserves and fund balances	(55 033)[d]	–	(55 033)	(53 043)
Reserves and fund balances, beginning of period	–	9 923	9 923	10 317
Reserves and fund balances, end of period	**–[e]**	**30 223**	**30 223**	**9 923**

Statement VIII (concluded)
United Nations Tax Equalization Fund[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	United States of America	*Other Member States*	*Total 2011*	*Total 2009*
Assets				
Outstanding estimated tax advances	71 885	–	71 885	50 285
Inter-fund balances receivable	162 693	30 223	192 916	206 236
Other accounts receivable	14 124	–	14 124	13 835
Deferred charges	18	–	18	29
Total assets	**248 720**	**30 223**	**278 943**	**270 385**
Liabilities				
Unliquidated obligations — current period	94 756	–	94 756	81 452
Accounts payable to Member States	134 043	–	134 043	179 010
Other accounts payable	19 921	–	19 921	–
Total liabilities	**248 720**	–	**248 720**	**260 462**
Reserves and fund balances				
Cumulative surplus	–	30 223	30 223	9 923
Total reserves and fund balances	–	**30 223**	**30 223**	**9 923**
Total liabilities and reserves and fund balances	**248 720**	**30 223**	**278 943**	**270 385**

[a] See note 8.

[b] The actual revenue from staff assessment under section 36 of the United Nations regular budget amounted to $558,719,000. Credits derived from revenue-producing activities of $3,961,000 increased total income to $562,680,000.

[c] Represents credits which are applied against assessments of those Member States that do not levy taxes on the United Nations income of their nationals. See note 8 (a).

[d] Represents transfer of surplus for the biennium 2010-2011 to "Accounts payable to Member States".

[e] Cumulative surplus for the United States of America at the end of the biennium 2010-2011 amounting to $134,043,000 is shown as "Accounts payable to Member States". See note 8 (b).

The accompanying notes are an integral part of the financial statements.

Statement IX

United Nations capital master plan[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Working Capital Reserve for the Capital Master Plan	*Capital master plan*	*Associated costs*	*Secondary Data Centre*	*Security enhancements*	*Eliminations*[b]	*Total 2011*	*Total 2009*
Income								
Assessed contributions[c]	–	681 928	–	–	–	–	681 928	681 928
Voluntary contributions[d]	–	9 989	–	–	100 000	–	109 989	–
Allocations from other funds	–	–	75 747[e]	13 436[f]	–	(86 987)	2 196	2 032
Interest income[g]	–	34 100	–	–	–	–	34 100	52 502
Other/miscellaneous income	–	136	–	–	–	–	136	8
Total income	–	**726 153**	**75 747**	**13 436**	**100 000**	**(86 987)**	**828 349**	**736 470**
Expenditure (schedule 9.1)								
Total expenditure	–	**701 258**	**75 756**	**13 440**	**67 617**	–	**858 071**	**837 128**
Excess (shortfall) of income over expenditure	–	**24 895**	**(9)**	**(4)**	**32 383**	**(86 987)**	**(29 722)**	**(100 658)**
Prior-period adjustments	–	–	–	–	–	–	–	279
Net excess (shortfall) of income over expenditure	–	**24 895**	**(9)**	**(4)**	**32 383**	**(86 987)**	**(29 722)**	**(100 379)**
Cancellation of prior-period obligations	–	19 723	9	4	–	–	19 736	3 493
Transfer to other funds[h]	–	(86 987)	–	–	–	86 987	–	–
Transfer to construction in progress[i]	–	571 371	1 779	–	67 328	–	640 478	706 535
Transfer to capital assets[j]	–	(179 664)	(3 530)	–	–	–	(183 194)	(1 156)
Reserves and fund balances, beginning of period	45 000	1 084 880	3 428	–	–	–	1 133 308	524 815
Reserves and fund balances, end of period	**45 000**	**1 434 218**	**1 677**	–	**99 711**	–	**1 580 606**	**1 133 308**

Statement IX (concluded)

United Nations capital master plan[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	Working Capital Reserve for the Capital Master Plan	*Capital master plan*	*Associated costs*	*Secondary Data Centre*	*Security enhancements*	*Eliminations*[b]	*Total 2011*	*Total 2009*
Assets								
Cash and term deposits	–	49	–	–	–	–	49	41
Cash pool[d]	–	911 622	–	–	–	–	911 622	923 905
Assessed contributions receivable from Member States[c]	10	86 738	–	–	–	–	86 748	21 684
Voluntary contributions receivable	–	3 000	–	–	–	–	3 000	–
Inter-fund balances receivable	44 990	–	51 548	2 696	87 936	–	187 170	52 115
Other accounts receivable	–	55	22	–	–	–	77	3 600
Deferred charges	–	124 452	14	1 690	–	–	126 156	103 326
Construction in progress (schedule 9.1)	–	1 154 833	1 677	–	67 328	–	1 223 838	766 554
Total assets	**45 000**	**2 280 749**	**53 261**	**4 386**	**155 264**	–	**2 538 660**	**1 871 225**
Liabilities								
Contributions or payments received in advance	–	23	–	–	–	–	23	120 526
Unliquidated obligations — prior periods	–	153 654	370	82	–	–	154 106	12 556
Unliquidated obligations — current period	–	334 371	48 797	1 755	55 553	–	440 476	426 383
Unliquidated obligations — future periods	–	124 386	–	1 690	–	–	126 076	103 294
Inter-fund balances payable	–	186 194	–	–	–	–	186 194	40 276
Other accounts payable	–	47 903	2 417	859	–	–	51 179	34 882
Total liabilities	–	**846 531**	**51 584**	**4 386**	**55 553**	–	**958 054**	**737 917**
Reserves and fund balances								
Working Capital Fund	45 000	–	–	–	–	–	45 000	45 000
Cumulative surplus	–	1 434 218	1 677	–	99 711	–	1 535 606	1 088 308
Total reserves and fund balances	**45 000**	**1 434 218**	**1 677**	–	**99 711**	–	**1 580 606**	**1 133 308**
Total liabilities and reserves and fund balances	**45 000**	**2 280 749**	**53 261**	**4 386**	**155 264**	–	**2 538 660**	**1 871 225**

(Footnotes on following page)

(Footnotes to Statement IX)

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[a] See note 9.

[b] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.

[c] Includes contributions unpaid irrespective of collectability.

[d] Represents donations received to be utilized in accordance with General Assembly resolutions 63/270, 64/228 and 65/269.

[e] In accordance with General Assembly resolution 64/228, "Associated costs" are financed from within the approved budget of the capital master plan.

[f] In accordance with General Assembly resolution 64/228, costs for the "Secondary Data Centre" are partly financed from the support account for peacekeeping operations ($2,196,000), and the remainder from within the approved budget of the capital master plan.

[g] Includes interest on funds of the "Working Capital Reserve for the Capital Master Plan".

[h] Represents transfer from the capital master plan to finance associated costs and the Secondary Data Centre, in accordance with General Assembly resolution 64/228.

[i] Capital expenditures incurred, net of cancellation of prior-period obligations and prior-period adjustments, are transferred to the construction in progress account in the statement of assets, liabilities and reserves and fund balances.

[j] Upon completion of discrete phases or projects, transfers are made from construction in progress to capital assets. Capital assets are shown in statement X.

[k] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $180,567,480, short-term investments of $213,275,537 (market value $213,646,397), long-term investments of $516,285,842 (market value $515,480,762) and accrued interest receivable of $1,493,247.

The accompanying notes are an integral part of the financial statements.

Schedule 9.1

United Nations capital master plan[a]

Schedule of construction in progress expenditures for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Total prior -period expenditure	*Expenditure and adjustments during 2010-2011*	*Cumulative expenditure up to 31 December 2011*
Part I. Capital master plan			
Staff and other personnel costs	20 654	9 886	30 540
Travel	164	10	174
Contractual services	214 918	41 794	256 712
Operating expenses	67 592	94 271	161 863
Acquisitions	625 580	555 297	1 180 877
Total expenditure	**928 908**	**701 258**	**1 630 166**
Cancellation of prior-period obligations	(5 034)	(19 723)	(24 757)
Costs expensed — see note 9 (b)	(160 748)	(110 164)	(270 912)
Transfer to construction in progress	763 126	571 371	1 334 497
Transfer to capital assets[b]	–	(179 664)	(179 664)
Total construction in progress	**763 126**	**391 707**	**1 154 833**[c]
Part II. Associated costs			
Staff and other personnel costs	7 983	15 905	23 888
Contractual services	1 901	3 961	5 862
Operating expenses	2 077	3 619	5 696
Acquisitions	6 571	52 271	58 842
Total expenditure	**18 532**	**75 756**	**94 288**
Cancellation of prior-period obligations	–	(9)	(9)
Costs expensed — see note 9 (b)	(15 104)	(73 968)	(89 072)
Transfer to construction in progress	3 428	1 779	5 207
Transfer to capital assets[c]	–	(3 530)	(3 530)
Total construction in progress	**3 428**	**(1 751)**	**1 677**[c]
Part III. Secondary Data Centre			
Travel	1	92	93
Contractual services	1 116	1 784	2 900
Operating expenses	1	5 476	5 477
Acquisitions	4 026	6 088	10 114
Total expenditure	**5 144**	**13 440**	**18 584**
Cancellation of prior-period obligations	–	(4)	(4)
Costs expensed — see note 9 (b)	(3 988)	(13 436)	(17 424)

	Total prior-period expenditure	*Expenditure and adjustments during 2010-2011*	*Cumulative expenditure up to 31 December 2011*
Transfer to construction in progress	1 156	–	1 156
Transfer to capital assets	(1 156)	–	(1 156)
Total construction in progress	–	–	–
Part IV. Security enhancements			
Staff and other personnel costs	–	289	289
Contractual services	–	10 277	10 277
Acquisitions	–	57 051	57 051
Total expenditure	–	**67 617**	**67 617**
Costs expensed — see note 9 (b)	–	(289)	(289)
Transfer to construction in progress	–	67 328	67 328
Total construction in progress	–	**67 328**	**67 328**[b]

[a] See note 9.

[b] Capital assets are shown in statement X.

[c] Represents construction in progress as of 31 December 2011.

The accompanying notes are an integral part of the financial statements.

Statement X
United Nations capital assets and construction in progress[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

		Construction in progress			
	Capital Assets Fund	*Security measures*	*Other construction*[b]	*Total 2011*	*Total 2009*
Income					
Allocations from other funds	–	–	750	750	2 402
Interest income	–	–	1 026	1 026	1 741
Other/miscellaneous income	–	111	7 917[c]	8 028	6 000
Total income	**–**	**111**	**9 693**	**9 804**	**10 143**
Expenditure (schedule 10.1)					
Total expenditure	**–**	**6 701**	**21 312**	**28 013**	**32 121**
Excess (shortfall) of income over expenditure	**–**	**(6 590)**	**(11 619)**	**(18 209)**	**(21 978)**
Prior-period adjustments	–	–	(10)	(10)	–
Net excess (shortfall) of income over expenditure	**–**	**(6 590)**	**(11 629)**	**(18 219)**	**(21 978)**
Cancellation of prior-period obligations	–	3 321	17	3 338	289
Transfer to construction in progress[d]	–	2 949	21 295	24 244	33 814
Transfer from construction in progress	–	(4 988)	(22 234)	(27 222)	(38 407)
Transfer to capital assets[e]	210 416	–	–	210 416	39 563
Reserves and fund balances, beginning of period	532 644	25 985	33 449	592 078	578 797
Reserves and fund balances, end of period	**743 060**	**20 677**	**20 898**	**784 635**	**592 078**

Statement X (concluded)
United Nations capital assets and construction in progress[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

		Construction in progress			
	Capital Assets Fund	*Security measures*	*Other construction*[b]	*Total 2011*	*Total 2009*
Assets					
Cash and term deposits	–	–	48	48	46
Cash pool[f]	–	–	32 413	32 413	33 956
Inter-fund balances receivable	–	8 427	–	8 427	16 858
Other accounts receivable	–	21	588	609	11 603
Deferred charges	–	638	271	909	–
Land and buildings	743 060	–	–	743 060	532 644
Construction in progress (schedule 10.1)	–	13 535	9 114	22 649	25 627
Total assets	**743 060**	**22 621**	**42 434**	**808 115**	**620 734**
Liabilities					
Unliquidated obligations — prior periods	–	453	165	618	2 076
Unliquidated obligations — current period	–	617	5 261	5 878	4 729
Unliquidated obligations — future periods	–	638	271	909	11 603
Inter-fund balances payable	–	–	15 834	15 834	10 115
Other accounts payable	–	236	5	241	133
Total liabilities	–	**1 944**	**21 536**	**23 480**	**28 656**
Reserves and fund balances					
Donated funds	20 222	–	–	20 222	20 222
Regular budget appropriations	722 838	–	–	722 838	512 422
Cumulative surplus	–	20 677	20 898	41 575	59 434
Total reserves and fund balances	**743 060**	**20 677**	**20 898**	**784 635**	**592 078**
Total liabilities and reserves and fund balances	**743 060**	**22 621**	**42 434**	**808 115**	**620 734**

[a] See note 10.

[b] Comprises construction projects at ECA and UNON.

[c] Represents primarily rental income from the United Nations Office at Nairobi Gigiri complex utilized to finance construction at the United Nations Office at Nairobi.

[d] Capital expenditures incurred, net of cancellation of prior-period obligations and prior-period adjustments, are transferred to the construction-in-progress account in the statement of assets, liabilities and reserves and fund balances.

[e] Represents transfers of completed projects to Capital assets from Security measures — $4,988,000, Other construction — $22,234,000, Capital master plan — $179,664,000 and Capital master plan associated costs — $3,530,000. The capital master plan is presented in statement IX.

[f] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $6,420,187, short-term investments of $7,583,141 (market value $7,596,328), long-term investments of $18,356,857 (market value $18,328,232) and accrued interest receivable of $53,093.

The accompanying notes are an integral part of the financial statements.

Schedule 10.1
United Nations construction in progress[a]

Schedule of construction in progress expenditures for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Total prior-period expenditure	*Expenditure and adjustments during 2010-2011*	*Cumulative expenditure up to 31 December 2011*
Part I. Security measures			
Staff and other personnel costs	–	–	–
Travel	13	–	13
Contractual services	–	–	–
Operating expenses	930	–	930
Acquisitions	104 646	6 701	111 347
Other	6 626	–	6 626
Total expenditure	**112 215**	**6 701[b]**	**118 916**
Cancellation of prior-period obligations	(2 590)	(3 321)	(5 911)
Costs expensed	(3 656)	(431)	(4 087)
Transfer to construction in progress	105 969	2 949[c]	108 918
Transfer to capital assets	(90 395)	(4 988)	(95 383)
Total construction in progress	**15 574**	**(2 039)**	**13 535[d]**
Part II. Other construction			
Staff and other personnel costs	1 759	481	2 240
Travel	75	45	120
Contractual services	1 635	–	1 635
Operating expenses	–	139	139
Acquisitions	10 490	20 647	31 137
Other	163	–	163
Total expenditure	**14 122**	**21 312[e]**	**35 434**
Cancellation of prior-period obligations	(44)	(17)	(61)
Costs expensed	(829)	–	(829)
Transfer to construction in progress	13 249	21 295[c]	34 544
Transfer to capital assets	(3 196)	(22 234)	(25 430)
Total construction in progress	**10 053**	**(939)**	**9 114[d]**

[a] See note 10.

[b] Comprises expenditure during the biennium 2010-2011 for the United Nations Office at Geneva — $3,184,000; the United Nations Office at Vienna — $3,273,000; ECA — $65,000; ESCAP — $15,000; and United Nations Headquarters — $164,000.

[c] Represents transfers to construction in progress during the biennium 2010-2011.

[d] Represents construction in progress as of 31 December 2011.

[e] Comprises expenditure during the biennium 2010-2011 for the United Nations Office at Nairobi — $13,665,000; and ECA — $7,647,000.

The accompanying notes are an integral part of the financial statements.

Statement XI

United Nations end-of-service and post-retirement benefits[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	After-service health insurance			*Repatriation benefits*			*Unused vacation days*				
	Regular budget	*Extrabudgetary resources*	*Total*	*Regular budget*	*Extrabudgetary resources*	*Total*	*Regular budget*	*Extrabudgetary resources*	*Total*	*Total 2011*	*Total 2009*
Income											
Accruals for repatriation benefits[b]	–	–	–	–	13 364	13 364	–	–	–	13 364	11 825
Other/miscellaneous income	–	–	–	–	286	286	–	–	–	286	799
Total income	–	–	–	–	**13 650**	**13 650**	–	–	–	**13 650**	**12 624**
Expenditure											
Repatriation benefits payments[c]	–	–	–	–	2 983	2 983	–	–	–	2 983	3 109
Total expenditure	–	–	–	–	**2 983**	**2 983**	–	–	–	**2 983**	**3 109**
Excess (shortfall) of income over expenditure	–	–	–	–	**10 667**	**10 667**	–	–	–	**10 667**	**9 515**
Non-budgeted accrued income (expenses) for end-of-service and post-retirement benefits[d]	(864 708)	(114 075)	(978 783)	(47 513)	(5 059)	(52 572)	(7 688)	931	(6 757)	(1 038 112)	149 340
Prior-period adjustments	–	–	–	–	–	–	–	–	–	–	8 163
Net excess (shortfall) of income over expenditure	**(864 708)**	**(114 075)**	**(978 783)**	**(47 513)**	**5 608**	**(41 905)**	**(7 688)**	**931**	**(6 757)**	**(1 027 445)**	**167 018**
Reserves and fund balances, beginning of period	(1 732 930)	(202 949)	(1 935 879)	(116 025)	1 620	(114 405)	(78 648)	(17 357)	(96 005)	(2 146 289)	(2 313 307)
Reserves and fund balances, end of period	**(2 597 638)**	**(317 024)**	**(2 914 662)**	**(163 538)**	**7 228**	**(156 310)**	**(86 336)**	**(16 426)**	**(102 762)**	**(3 173 734)**	**(2 146 289)**

Statement XI (concluded)

United Nations end-of-service and post-retirement benefits[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	After-service health insurance			*Repatriation benefits*			*Unused vacation days*				
	Regular budget	*Extrabudgetary resources*	*Total*	*Regular budget*	*Extrabudgetary resources*	*Total*	*Regular budget*	*Extrabudgetary resources*	*Total*	*Total 2011*	*Total 2009*
Assets											
Inter-fund balances receivable	1 643	–	1 643	–	39 436	39 436	–	–	–	41 079	29 706
Total assets	**1 643**	**–**	**1 643**	**–**	**39 436**	**39 436**	**–**	**–**	**–**	**41 079**	**29 706**
Liabilities											
Other accounts payable	–	–	–	–	2 479	2 479	–	–	–	2 479	1 773
End-of-service and post-retirement liabilities[e]	2 599 281	317 024	2 916 305	163 538	29 729	193 267	86 336	16 426	102 762	3 212 334	2 174 222
Total liabilities	**2 599 281**	**317 024**	**2 916 305**	**163 538**	**32 208**	**195 746**	**86 336**	**16 426**	**102 762**	**3 214 813**	**2 175 995**
Reserves and fund balances											
Cumulative surplus (deficit)	(2 597 638)	(317 024)	(2 914 662)	(163 538)	7 228	(156 310)	(86 336)	(16 426)	(102 762)	(3 173 734)	(2 146 289)
Total reserves and fund balances	**(2 597 638)**	**(317 024)**	**(2 914 662)**	**(163 538)**	**7 228**	**(156 310)**	**(86 336)**	**(16 426)**	**(102 762)**	**(3 173 734)**	**(2 146 289)**
Total liabilities and reserves and fund balances	**1 643**	**–**	**1 643**	**–**	**39 436**	**39 436**	**–**	**–**	**–**	**41 079**	**29 706**

[a] See note 11.

[b] Represents accruals for repatriation benefits that were charged on the basis of salary costs to non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts.

[c] Represents repatriation benefits in respect of staff who separated during the biennium 2010-2011 from non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts.

[d] Represents net (increase)/decrease in accrued liabilities during the biennium 2010-2011.

[e] Represents accrued liabilities as at 31 December 2011 excluding those for peacekeeping operations, which are shown in volume II of the financial statements for peacekeeping operations. See note 11.

The accompanying notes are an integral part of the financial statements.

Statement XII

Other United Nations special funds[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	United Nations funds held in trust[b]	*United Nations special accounts for administrative cost recoveries*[c]	*Common support services*[d]	*United Nations jointly financed activities*[e]	*Special multi-year account for supplementary development activities*	*Conferences and conventions*[f]	*United Nations System Staff College*	*Others*[g]	*Eliminations*[h]	*Total 2011*	*Total 2009*[i]
Income											
Assessed contributions	–	–	–	–	–	10 154	–	–	–	10 154	12 015
Voluntary contributions	–	–	–	–	–	8 354	4 251	134	–	12 739	15 130
Funds received under inter-organizational arrangements	–	–	–	224 947	–	–	699	–	–	225 646	198 896
Allocations from other funds	368	–	271 336	124 731	23 651	–	301	–	–	420 387	257 094
Income from services rendered	–	310 965	21 262	–	–	–	12 535	–	(859)	343 903	302 334
Insurance rebates	4 010	–	–	–	–	–	–	–	–	4 010	7 060
Interest income	16 097	8 836	–	–	–	–	416	336	–	25 685	37 926
Contributions from staff and the United Nations	781 031	–	–	–	–	–	–	–	–	781 031	651 757
Other/miscellaneous income	10 183	2 904	4 532	530	19	1	7	1 449	–	19 625	10 915
Total income	**811 689**	**322 705**	**297 130**	**350 208**	**23 670**	**18 509**	**18 209**	**1 919**	**(859)**	**1 843 180**	**1 493 127**
Expenditure											
Staff and other personnel costs	23 316	193 206	24 563	275 618	7 849	8 259	13 422	831	–	547 064	439 611
Travel	20	7 877	985	11 456	2 902	4 251	3 419	67	–	30 977	27 319
Contractual services	39 976	12 495	52 958	22 118	1 497	682	582	–	–	130 308	76 353
Operating expenses	470	33 555	137 873	19 112	218	1 178	2 533	350	–	195 289	146 845
Acquisitions	506	7 928	24 646	9 709	189	18	348	257	–	43 601	24 856
Other	–	52 915	–	13 007	7 552	57	–	210	–	73 741	39 771
Claim reimbursements	716 326	–	–	–	–	–	–	–	–	716 326	601 727
Programme support costs	–	–	–	–	–	859	–	–	(859)	–	–
Total expenditure	**780 614**	**307 976**	**241 025**	**351 020**	**20 207**	**15 304**	**20 304**	**1 715**	**(859)**	**1 737 306**	**1 356 482**

	United Nations funds held in trust[b]	United Nations special accounts for administrative cost recoveries[c]	Common support services[d]	United Nations jointly financed activities[e]	Special multi-year account for supplementary development activities	Conferences and conventions[f]	United Nations System Staff College	Others[g]	Eliminations[h]	Total 2011	Total 2009[i]
Excess (shortfall) of income over expenditure	**31 075**	**14 729**	**56 105**	**(812)**	**3 463**	**3 205**	**(2 095)**	**204**	–	**105 874**	**136 645**
Prior-period adjustments	1 899	296	–	(1)	9	(1 169)	–	–	–	1 034	2 176
Net excess (shortfall) of income over expenditure	**32 974**	**15 025**	**56 105**	**(813)**	**3 472**	**2 036**	**(2 095)**	**204**	–	**106 908**	**138 821**
Cancellation of prior-period obligations	453	–	1 321	1 255	2 902	37	275	8	–	6 251	8 240
Transfer (to) from other funds	–	2 067	–	–	–	–	–	–	–	2 067	2 552
Transfer (to) from other organizations	–	(38)	–	–	–	–	–	–	–	(38)	–
Refunds to donors	–	(2)	–	–	–	(2 798)	(235)	–	–	(3 035)	(630)
Other adjustments to reserves and fund balances	(2 421)	–	–	(715)	–	–	–	–	–	(3 136)	42 613
Reserves and fund balances, beginning of period	476 911	258 067	44 336	2 442	32 938	10 429	15 669	60 274	–	901 066	709 470
Reserves and fund balances, end of period	**507 917**	**275 119**	**101 762**	**2 169**	**39 312**	**9 704**	**13 614**	**60 486**	–	**1 010 083**	**901 066**

Statement XII (concluded)

Other United Nations special funds[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	United Nations funds held in trust[b]	*United Nations special accounts for administrative cost recoveries*[c]	*Common support services*[d]	*United Nations jointly financed activities*[e]	*Special multi-year account for supplementary development activities*	*Conferences and conventions*[f]	*United Nations System Staff College*	*Others*[g]	*Eliminations*[h]	*Total 2011*	*Total 2009*[i]
Assets											
Cash and term deposits	28 438	497	–	–	–	–	946	34	–	29 915	962
Short-term investments	7 412	–	–	–	–	–	–	–	–	7 412	5 144
Long-term investments	83 437	–	–	–	–	–	–	–	–	83 437	69 266
Offices away from Headquarters cash pools[j]	5 453	92 702	–	–	–	–	13 776	1 487	–	113 418	134 330
Cash pool[k]	364 541	174 892	–	–	–	–	–	8 571	–	548 004	521 599
Assessed contributions receivable from Member States	–	–	–	–	–	3 532	–	6 092	–	9 624	9 632
Inter-fund balances receivable	37 137	18 523	127 768	–	43 764	9 918	113	182	–	237 405	174 489
Other accounts receivable	17 237	5 945	3 268	16 409	127	14	410	44 181	–	87 591	84 525
Deferred charges	432	3 102	255 864	578	–	–	47	–	–	260 023	264 314
Total assets	**544 087**	**295 661**	**386 900**	**16 987**	**43 891**	**13 464**	**15 292**	**60 547**	**–**	**1 376 829**	**1 264 261**
Liabilities											
Contributions or payments received in advance	–	–	–	–	–	2 197	–	–	–	2 197	1 459
Unliquidated obligations — current period	298	12 265	22 165	5 403	4 116	353	433	61	–	45 094	35 133
Unliquidated obligations — future periods	432	2 518	255 864	126	–	–	–	–	–	258 940	263 447
Inter-fund balances payable	27 129	3 153	–	6 494	–	–	–	–	–	36 776	25 759
Other accounts payable	8 311	2 168	7 109	2 180	463	1 210	13	–	–	21 454	35 969
Deferred income	–	438	–	–	–	–	–	–	–	438	133
Other liabilities	–	–	–	615	–	–	1 232	–	–	1 847	1 295
Total liabilities	**36 170**	**20 542**	**285 138**	**14 818**	**4 579**	**3 760**	**1 678**	**61**	**–**	**366 746**	**363 195**

	United Nations funds held in trust[b]	*United Nations special accounts for administrative cost recoveries*[c]	*Common support services*[d]	*United Nations jointly financed activities*[e]	*Special multi-year account for supplementary development activities*	*Conferences and conventions*[f]	*United Nations System Staff College*	*Others*[g]	*Eliminations*[h]	*Total 2011*	*Total 2009*[i]
Reserves and fund balances											
Operating reserves	90 123	26 709	6 635	–	–	–	1 369	421	–	125 257	113 433
Cumulative surplus (deficit)	417 794	248 410	95 127	2 169	39 312	9 704	12 245	60 065	–	884 826	787 633
Total reserves and fund balances	**507 917**	**275 119**	**101 762**	**2 169**	**39 312**	**9 704**	**13 614**	**60 486**	**–**	**1 010 083**	**901 066**
Total liabilities and reserves and fund balances	**544 087**	**295 661**	**386 900**	**16 987**	**43 891**	**13 464**	**15 292**	**60 547**	**–**	**1 376 829**	**1 264 261**

[a] See note 12.

[b] Refer to schedule 12.1.

[c] Refer to schedule 12.2.

[d] Refer to schedule 12.3.

[e] Refer to schedule 12.4.

[f] Refer to schedule 12.5.

[g] Refer to schedule 12.6.

[h] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.

[i] Comparative figures have been restated to conform to the current presentation as footnoted in schedules 12.2 and 12.4.

[j] Represents share of the United Nations Offices away from Headquarters cash pool and the Euro cash pool, and comprises cash and term deposits of $15,036,327, short-term investments of $31,409,120 (market value $31,466,713), long-term investments of $66,671,459 (market value $66,784,947) and accrued interest receivable of $301,552.

[k] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $108,544,551, short-term investments of $128,206,348 (market value $128,429,284), long-term investments of $310,354,968 (market value $309,871,009) and accrued interest receivable of $897,636.

The accompanying notes are an integral part of the financial statements.

Schedule 12.1

United Nations funds held in trust[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Blue Cross, Aetna, Cigna and Van Breda health plans	*United Nations staff life insurance reserves*[b]	*After-service life insurance coverage*	*Medical insurance plan for field local staff*	*Compensation awards*	*Self-insurance reserve fund for Headquarters general liabilities*	*Geneva staff mutual insurance society against sickness and accident*	*Total 2011*	*Total 2009*
Income									
Contributions from staff and the Organization	551 952	650	–	50 406	15 113	–	162 910	781 031	651 757
Insurance rebates	4 010	–	–	–	–	–	–	4 010	7 060
Allocations from other funds	–	–	–	–	–	368	–	368	400
Interest income	5 621	317	60	2 451	3 596	236	3 816	16 097	22 839
Other/miscellaneous income	336	–	–	10	17	–	9 820[f]	10 183	4 846
Total income	**561 919**	**967**	**60**	**52 867**	**18 726**	**604**	**176 546**	**811 689**	**686 902**
Expenditure									
Staff and other personnel costs	3 044	–	–	20	14 849	–	5 403	23 316	3 257
Travel	–	–	–	–	–	–	20	20	17
Contractual services	32 134	–	–	7 205	–	–	637	39 976	29 499
Operating expenses	7	2	2	330	2	2	125	470	197
Acquisitions	–	–	–	–	–	–	506	506	911
Claim reimbursements	518 168	–	–	32 657	8 101	29	157 371	716 326	601 727
Total expenditure	**553 353**	**2**	**2**	**40 212**	**22 952**	**31**	**164 062**	**780 614**	**635 608**
Excess (shortfall) of income over expenditure	**8 566**	**965**	**58**	**12 655**	**(4 226)**	**573**	**12 484**	**31 075**	**51 294**
Prior-period adjustments	(25)	1 924[d]	–	–	–	–	–	1 899	–
Net excess (shortfall) of income over expenditure	**8 541**	**2 889**	**58**	**12 655**	**(4 226)**	**573**	**12 484**	**32 974**	**51 294**
Cancellation of prior-period obligations	–	–	–	–	–	–	453	453	9

	Blue Cross, Aetna, Cigna and Van Breda health plans	*United Nations staff life insurance reserves*[b]	*After-service life insurance coverage*	*Medical insurance plan for field local staff*	*Compensation awards*	*Self-insurance reserve fund for Headquarters general liabilities*	*Geneva staff mutual insurance society against sickness and accident*	*Total 2011*	*Total 2009*
Other adjustments to reserves and fund balances	(2 278)[e]	(143)[f]	–	–	–	–	–	(2 421)	40 387
Reserves and fund balances, beginning of period	164 026	23 020	1 681	66 110	100 598	6 845	114 631	476 911	365 221
Reserves and fund balances, end of period	**170 289**	**25 766**	**1 739**	**78 765**	**96 372**	**7 418**	**127 568**	**507 917**	**476 911**

Schedule 12.1 (concluded)

United Nations funds held in trust[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	Blue Cross Aetna, Cigna and Van Breda health plans	*United Nations staff life insurance reserves*[b]	*After-service life insurance coverage*	*Medical insurance plan for field local staff*	*Compensation awards*	*Self-insurance reserve fund for Headquarters general liabilities*	*Geneva staff mutual insurance society against sickness and accident*	*Total 2011*	*Total 2009*
Assets									
Cash and term deposits	177	25	14	32	46	6	28 138[g]	28 438	187
Short-term investments	–	–	–	–	–	–	7 412[h]	7 412	5 144
Long-term investments	–	–	–	–	–	–	83 437[h]	83 437	69 266
Offices away from Headquarters cash pools[i]	–	–	–	–	–	–	5 453	5 453	31 803
Cash pool[j]	168 464	9 250	1 725	70 970	107 257	6 875	–	364 541	350 277
Inter-fund balances receivable	3 886	10 047	–	8 073	14 330	537	264	37 137	27 160
Other accounts receivable	6 369	6 444	–	1 254	1	–	3 169	17 237	23 470
Deferred charges	–	–	–	–	–	–	432	432	689
Total assets	**178 896**	**25 766**	**1 739**	**80 329**	**121 634**	**7 418**	**128 305**	**544 087**	**507 996**
Liabilities									
Unliquidated obligations — current period	–	–	–	4	–	–	294	298	712
Unliquidated obligations — future periods	–	–	–	–	–	–	432	432	689
Inter-fund balances payable	1 869	–	–	–	25 260	–	–	27 129	16 483
Other accounts payable	6 738	–	–	1 560	2	–	11	8 311	13 201
Total liabilities	**8 607**	–	–	**1 564**	**25 262**	–	**737**	**36 170**	**31 085**
Reserves and fund balances									
Operating reserves	–	5 044	–	–	–	–	85 079	90 123	83 387

	Blue Cross, Aetna, Cigna and Van Breda health plans	United Nations staff life insurance reserves[b]	After-service life insurance coverage	Medical insurance plan for field local staff	Compensation awards	Self-insurance reserve fund for Headquarters general liabilities	Geneva staff mutual insurance society against sickness and accident	Total 2011	Total 2009
Cumulative surplus (deficit)	170 289	20 722	1 739	78 765	96 372	7 418	42 489	417 794	393 524
Total reserves and fund balances	**170 289**	**25 766**	**1 739**	**78 765**	**96 372**	**7 418**	**127 568**	**507 917**	**476 911**
Total liabilities and reserves and fund balances	**178 896**	**25 766**	**1 739**	**80 329**	**121 634**	**7 418**	**128 305**	**544 087**	**507 996**

[a] See note 12.1.

[b] Excludes premiums collected and paid to the insurance carrier during the financial period because this is an insured programme.

[c] Includes gain on exchange of $8,464,395.

[d] Represents retroactive premium collections from UNDP which are no longer payable to the insurance carrier.

[e] Represents adjustment to the fund balance based on the global reconciliation of the Van Breda health plan.

[f] Represents change in life insurance reserves held by Aetna.

[g] Represents term deposits held in Swiss francs of $28,137,759.

[h] The market value of short-term investments is $7,501,852, and the market value of long-term investments is $84,615,121.

[i] Represents share of the United Nations Offices away from Headquarters cash pool and the Euro cash pool, and comprises cash and term deposits of $1,818,016, short-term investments of $1,007,722 (market value $1,009,167), long-term investments of $2,600,772 (market value $2,605,481) and accrued interest receivable of $26,880.

[j] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $72,205,634, short-term investments of $85,284,988 (market value $85,433,288), long-term investments of $206,453,268 (market value of $206,131,331) and accrued interest receivable of $597,122.

The accompanying notes are an integral part of the financial statements.

Schedule 12.2

United Nations special accounts for administrative cost recoveries[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Support of technical cooperation activities	*Support of extrabudgetary administrative structures*	*Support of extrabudgetary substantive activities*	*Support of humanitarian activities*	*Support of United Nations Fund for International Partnerships*	*All funds elimination*[b]	*Total 2011*	*Total 2009*[c]
Income								
Income for services rendered to:								
Technical cooperation trust funds	31 147	3 138	47	–	–	(3 138)	31 194	30 807
General trust funds[d]	803	46 469	50 612	58 450	–	(15 842)	140 492	117 414
UNEP/UN-Habitat and others by UNON	–	48 866	–	–	–	–	48 866	41 827
Agencies, funds, programmes and others	3 033	84 573	1 615	–	1 508	(316)	90 413	79 521
Interest income	1 880	2 942	2 371	1 585	58	–	8 836	13 484
Other/miscellaneous income	454	1 774	232	397	47	–	2 904	2 694
Total income	**37 317**	**187 762**	**54 877**	**60 432**	**1 613**	**(19 296)**	**322 705**	**285 747**
Expenditure								
Staff and other personnel costs	22 913	113 007	22 624	49 825	2 530	(17 693)	193 206	158 215
Travel	1 161	4 954	646	1 034	82	–	7 877	6 402
Contractual services	230	10 227	989	1 216	126	(293)	12 495	9 580
Operating expenses	1 916	28 501	1 329	2 539	579	(1 309)	33 555	27 665
Acquisitions	90	6 458	128	1 232	21	(1)	7 928	3 443
Other[e]	13 981	12 534	24 975	1 392	33	–	52 915	21 981
Total expenditure	**40 291**	**175 681**	**50 691**	**57 238**	**3 371**	**(19 296)**	**307 976**	**227 286**
Excess (shortfall) of income over expenditure	**(2 974)**	**12 081**	**4 186**	**3 194**	**(1 758)**	–	**14 729**	**58 461**
Prior-period adjustments	26	180	153	(60)	(3)	–	296	2 240
Net excess (shortfall) of income over expenditure	**(2 948)**	**12 261**	**4 339**	**3 134**	**(1 761)**	–	**15 025**	**60 701**
Transfers (to) from other funds	31	–	–	–	2 036[f]	–	2 067	1 812
Transfers (to) from other organizations	–	(38)	–	–	–	–	(38)	–

	Support of technical cooperation activities	*Support of extrabudgetary administrative structures*	*Support of extrabudgetary substantive activities*	*Support of humanitarian activities*	*Support of United Nations Fund for International Partnerships*	*All funds elimination*[b]	*Total 2011*	*Total 2009*[c]
Refund to donor	–	(2)	–	–	–	–	(2)	–
Reserves and fund balances, beginning of period	57 192	84 799	68 298	46 894	884	–	258 067	195 554
Reserves and fund balances, end of period	**54 275**	**97 020**	**72 637**	**50 028**	**1 159**	–	**275 119**	**258 067**

Schedule 12.2 (concluded)
United Nations special accounts for administrative cost recoveries[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	Support of technical cooperation activities	*Support of extrabudgetary administrative structures*	*Support of extrabudgetary substantive activities*	*Support of humanitarian activities*	*Support of United Nations Fund for International Partnerships*	*All funds elimination*[b]	*Total 2011*	*Total 2009*[c]
Assets								
Cash and term deposits	–	497	–	–	–	–	497	197
Offices away from Headquarters cash pool[g]	19 838	34 118	–	38 746	–	–	92 702	84 265
Headquarters cash pool[h]	33 246	61 415	72 467	6 535	1 229	–	174 892	163 046
Inter-fund balances receivable	1 922	7 125	2 564	6 912	–	–	18 523	21 476
Other accounts receivable	101	5 223	283	311	27	–	5 945	5 997
Deferred charges	74	2 718	94	193	23	–	3 102	2 128
Total assets	**55 181**	**111 096**	**75 408**	**52 697**	**1 279**	**–**	**295 661**	**277 109**
Liabilities								
Unliquidated obligations — current periods	872	8 230	561	2 544	58	–	12 265	6 590
Unliquidated obligations — future periods	–	2 468	–	50	–	–	2 518	1 718
Inter-fund balances payable	2	1 383	1 707	–	61	–	3 153	9 069
Other accounts payable	32	1 580	480	75	1	–	2 168	1 532
Deferred income	–	415	23	–	–	–	438	133
Total liabilities	**906**	**14 076**	**2 771**	**2 669**	**120**	**–**	**20 542**	**19 042**
Reserves and fund balances								
Operating reserves	4 339	13 174	3 000	5 716	480	–	26 709	21 854
Cumulative surplus (deficit)	49 936	83 846	69 637	44 312	679	–	248 410	236 213
Total reserves and fund balances	**54 275**	**97 020**	**72 637**	**50 028**	**1 159**	**–**	**275 119**	**258 067**
Total liabilities and reserves and fund balances	**55 181**	**111 096**	**75 408**	**52 697**	**1 279**	**–**	**295 661**	**277 109**

(Footnotes on following page)

(Footnotes to Schedule 12.2)

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[a] See note 12.2.

[b] Upon combination of the columns, transactions between the columns are eliminated, in order to make a fair presentation of the "Total" column.

[c] Comparative figures have been reclassified to conform to the current presentation.

[d] Income is calculated as a percentage of programme resources expended, except for allocations.

[e] Includes funding for the Enterprise Resource Planning system of $37,090,100, comprising $11,875,000 from the Special Account for Programme Support Costs of Extrabudgetary Technical Cooperation reimbursement resources, $24,974,700 from the Special Account for Programme Support Costs of Extrabudgetary Substantive Activities, and $240,400 from the Special Account for Programme Support Costs for the Office for the Coordination of Humanitarian Affairs.

[f] Represents transfer from the United Nations Fund for International Partnerships.

[g] Represents share of the United Nations Offices away from Headquarters cash pool and comprises cash and term deposits of $10,535,918, short-term investments of $26,477,069 (market value $26,526,290), long-term investments of $55,462,760 (market value $55,556,717) and accrued interest receivable of $226,642.

[h] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $34,641,310, short-term investments of $40,916,248 (market value $40,987,397), long-term investments of $99,047,834 (market value $98,893,381) and accrued interest receivable of $286,475.

The accompanying notes are an integral part of the financial statements.

Schedule 12.3

Common support services[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Enterprise resource planning	*IMIS*	*Information technology and telecommunications*	*Travel services*	*Rented premises*	*Total 2011*	*Total 2009*
Income							
Allocations from other funds	162 339[b]	–	12 384	–	96 613	271 336	112 285
Income from services rendered	–	–	16 993	4 269	–	21 262	23 273
Rental and maintenance	–	–	–	–	1 529	1 529	1 000
Rebates	–	–	–	14	–	14	80
Interest income	–	–	–	–	–	–	84
Other/miscellaneous income	–	–	–	–	2 989	2 989	46
Total income	**162 339**	**–**	**29 377**	**4 283**	**101 131**	**297 130**	**136 768**
Expenditure							
Staff and other personnel costs	21 935	–	2 628	–	–	24 563	8 587
Travel	929	–	56	–	–	985	1 015
Contractual services	46 540	–	2 672	3 746	–	52 958	11 596
Operating expenses	6 761	–	33 982	15	97 115	137 873	99 890
Acquisitions	24 544	–	102	–	–	24 646	10 545
Total expenditure	**100 709**	**–**	**39 440**	**3 761**	**97 115**	**241 025**	**131 633**
Excess (shortfall) of income over expenditure	**61 630**	**–**	**(10 063)**	**522**	**4 016**	**56 105**	**5 135**
Prior-period adjustments	–	–	–	–	–	–	(55)
Net excess (shortfall) of income over expenditure	**61 630**	**–**	**(10 063)**	**522**	**4 016**	**56 105**	**5 080**
Cancellation of prior-period obligations	356	–	962	–	3	1 321	4 582
Transfer to other funds	–	–	–	–	–	–	–
Reserves and fund balances, beginning of period	2 300	84	21 863	609	19 480	44 336	34 674
Reserves and fund balances, end of period	**64 286**	**84**	**12 762**	**1 131**	**23 499**	**101 762**	**44 336**

Schedule 12.3 (concluded)

Common support services[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	Enterprise resource planning	*IMIS*	*Information technology and telecommunications*	*Travel services*	*Rented premises*	*Total 2011*	*Total 2009*
Assets							
Inter-fund balances receivable	82 508	84	21 569	1 603	22 004	127 768	62 327
Other accounts receivable	362	–	153	–	2 753	3 268	508
Deferred charges	31 451	–	11 740	–	212 673	255 864	260 720
Total assets	**114 321**	**84**	**33 462**	**1 603**	**237 430**	**386 900**	**323 555**
Liabilities							
Unliquidated obligations — current period	13 823	–	7 157	468	717	22 165	14 041
Unliquidated obligations — future periods	31 451	–	11 740	–	212 673	255 864	260 720
Other accounts payable	4 761	–	1 803	4	541	7 109	4 458
Total liabilities	**50 035**	–	**20 700**	**472**	**213 931**	**285 138**	**279 219**
Reserves and fund balances							
Operating reserves	–	–	2 000	135	4 500	6 635	6 635
Cumulative surplus	64 286	84	10 762	996	18 999	95 127	37 701
Total reserves and fund balances	**64 286**	**84**	**12 762**	**1 131**	**23 499**	**101 762**	**44 336**
Total liabilities and reserves and fund balances	**114 321**	**84**	**33 462**	**1 603**	**237 430**	**386 900**	**323 555**

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[a] See note 12.3.

[b] Represents funding for the Enterprise Resource Planning system pursuant to General Assembly resolutions 64/243, 64/271 and 65/290, comprising $11,182,900 from the regular budget, $114,065,900 from peacekeeping operations funded from the support account for the fiscal years ended 30 June 2010, 30 June 2011 and 30 June 2012, and $37,090,100 from extrabudgetary resources.

The accompanying notes are an integral part of the financial statements.

Schedule 12.4

United Nations jointly financed activities[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	International Civil Service Commission	*Joint Inspection Unit*	*CEB secretariat*	*Safety and Security*	*Malicious Acts Insurance Policy*	*DHL Consortium*	*Jointly financed activities United Nations Office at Vienna*[b]	*Total 2011*	*Total 2009*[c]
Income									
Funds received under inter-organizational arrangements	10,741	10 887	4 248	154 138	6 906	1 941	36 086	224 947	198 197
Allocations from other funds[d]	5 379	3 368	1 394	50 022	3 698	3 060	57 810	124 731	117 957
Other/miscellaneous income	–	10	–	420	–	–	100	530	900
Total income	**16 120**	**14 265**	**5 642**	**204 580**	**10 604**	**5 001**	**93 996**	**350 208**	**317 054**
Expenditure									
Staff and other personnel costs	12 911	13 447	5 516	159 009	–	–	84 735	275 618	246 053
Travel	1 706	506	454	8 743	–	–	47	11 456	11 408
Contractual services	21	39	227	3 272	9 541	5 001	4 017	22 118	22 936
Operating expenses	1 583	149	193	14 584	–	–	2 603	19 112	15 965
Acquisitions	69	67	50	6 969	–	–	2 554	9 709	9 213
Other	1	–	–	12 716	–	–	290	13 007	11 670
Total expenditure	**16 291**	**14 208**	**6 440**	**205 293**	**9 541**	**5 001**	**94 246**	**351 020**	**317 245**
Excess (shortfall) of income over expenditure	**(171)**	**57**	**(798)**	**(713)**	**1 063**	**–**	**(250)**	**(812)**	**(191)**
Prior-period adjustments	–	–	–	–	–	–	(1)	(1)	–
Net excess (shortfall) of income over expenditure	**(171)**	**57**	**(798)**	**(713)**	**1 063**	**–**	**(251)**	**(813)**	**(191)**
Cancellation of prior-period obligations	171	64	56	713	–	–	251	1 255	1 709
Other adjustments to reserves and fund balances	–	–	–	–	(715)	–	–	(715)	–
Reserves and fund balances, beginning of period	–	–	1 492	–	950	–	–	2 442	924
Reserves and fund balances, end of period	**–**	**121**[e]	**750**[f]	**–**	**1 298**[g]	**–**	**–**	**2 169**	**2 442**

(Footnotes on following page)

(Footnotes to Schedule 12.4)

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[a] See note 12.4.

[b] Represents the jointly financed activities pertaining to safety and security, conference and administrative services (see note 12.4 (b)) and the access control programme in the United Nations Office at Vienna.

[c] Comparative figures have been reclassified to conform to the current presentation.

[d] Represents allocations from other United Nations funds.

[e] Represents amount relating to Joint Inspection Unit web-based tracking system of $120,504 that is rolled forward to the biennium 2012-2013.

[f] Represents amounts relating to the CEB IPSAS project of $593,064, the information and communications technology project of $44,862 and the dual career and staff mobility project of $113,046 that are rolled forward to the biennium 2012-2013.

[g] Represents balance relating to the deductible under the Malicious Acts Insurance policy that is rolled forward to the biennium 2012-2013.

The accompanying notes are an integral part of the financial statements.

Schedule 12.5
United Nations special accounts for conferences and conventions[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	Conferences and substantive meetings pursuant to host country agreements	*Conferences of States parties to treaties and conventions*	*Total 2011*	*Total 2009*
Income				
Assessed contributions[b]	–	10 154	10 154	12 015
Voluntary contributions	8 354	–	8 354	5 389
Interest income	–	–	–	–
Other/miscellaneous income	1	–	1	–
Total income	**8 355**	**10 154**	**18 509**	**17 404**
Expenditure				
Staff and other personnel costs	92	8 167	8 259	5 239
Travel	4 044	207	4 251	3 151
Contractual services	13	669	682	271
Operating expenses	122	1 056	1 178	208
Acquisitions	–	18	18	14
Other	57	–	57	–
Programme support costs	233	626	859	467
Total expenditure	**4 561**	**10 743**	**15 304**	**9 350**
Excess (shortfall) of income over expenditure	**3 794**	**(589)**	**3 205**	**8 054**
Prior-period adjustments	–	(1 169)[c]	(1 169)	–
Net excess (shortfall) of income over expenditure	**3 794**	**(1 758)**	**2 036**	**8 054**
Cancellation of prior obligations	31	6	37	31
Transfer (to) from other funds	–	–	–	740
Refund (to) donors	(2 798)	–	(2 798)	(630)
Other adjustments to reserves and fund balances	–	–	–	2 234
Reserves and fund balances, beginning of period	3 501	6 928	10 429	–
Reserves and fund balances, end of period	**4 528**	**5 176**	**9 704**	**10 429**

Schedule 12.5 (concluded)

United Nations special accounts for conferences and conventions[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	Conferences and substantive meetings pursuant to host country agreements	*Conferences of States parties to treaties and conventions*	*Total 2011*	*Total 2009*
Assets				
Assessed contributions receivable from Member States	–	3 532	3 532	3 537
Voluntary contributions receivable	–	–	–	–
Inter-fund balances receivable	5 946	3 972	9 918	11 219
Other accounts receivable	13	1	14	49
Total assets	**5 959**	**7 505**	**13 464**	**14 805**
Liabilities				
Contributions or payments received in advance	–	2 197	2 197	1 459
Unliquidated obligations — current period	332	21	353	265
Inter-fund balances payable	–	–	–	30
Other accounts payable	1 099	111	1 210	–
Deferred income	–	–	–	2 622
Total liabilities	**1 431**	**2 329**	**3 760**	**4 376**
Reserves and fund balances				
Cumulative surplus (deficit)	4 528	5 176	9 704	10 429
Total reserves and fund balances	**4 528**	**5 176**	**9 704**	**10 429**
Total liabilities and reserves and fund balances	**5 959**	**7 505**	**13 464**	**14 805**

[a] See note 12.6.

[b] Assessments are levied on the basis of agreements among the States parties of the respective treaty or convention.

[c] Primarily represents reduction in estimated income recorded during prior years upon closure of conferences in the current biennium.

The accompanying notes are an integral part of the financial statements.

Schedule 12.6

Other United Nations funds[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(Thousands of United States dollars)

	United Nations Memorial and Recognition Fund	*United Nations Mission in East Timor*	*Sale of United Nations bonds*	*Cafeteria Amortization Fund*	*Liquor Revolving Fund*	*Others*[b]	*Total 2011*	*Total 2009*
Income								
Voluntary contributions	134	–	–	–	–	–	134	–
Interest income	179	116	–	41	–	–	336	610
Catering services	–	–	–	1 252	–	–	1 252	1 055
Liquor sales	–	–	–	–	151	–	151	166
Other/miscellaneous income	6	–	–	11	–	29	46	44
Total income	**319**	**116**	**–**	**1 304**	**151**	**29**	**1 919**	**1 875**
Expenditure								
Staff and other personnel costs	–	–	–	284	106	441	831	434
Travel	–	–	–	–	–	67	67	18
Operating expenses	–	–	–	338	–	12	350	417
Acquisitions	–	–	–	257	–	–	257	285
Other	130	–	–	–	80	–	210	80
Total expenditure	**130**	**–**	**–**	**879**	**186**	**520**	**1 715**	**1 234**
Excess (shortfall) of income over expenditure	**189**	**116**	**–**	**425**	**(35)**	**(491)**	**204**	**641**
Prior-period adjustments	–	–	–	–	–	–	–	(4)
Net excess (shortfall) of income over expenditure	**189**	**116**	**–**	**425**	**(35)**	**(491)**	**204**	**637**
Cancellation of prior obligations	–	–	–	5	–	3	8	1
Other adjustments to reserves and fund balances	–	–	–	–	–	–	–	(8)
Reserves and fund balances, beginning of period	5 004	9 374	44 048	1 119	134	595	60 274	59 644
Reserves and fund balances, end of period	**5 193**	**9 490**	**44 048**	**1 549**	**99**	**107**	**60 486**	**60 274**

Schedule 12.6 (concluded)

Other United Nations funds[a]

Statement of assets, liabilities and reserves and fund balances as at 31 December 2011

(Thousands of United States dollars)

	United Nations Memorial and Recognition Fund	*United Nations Mission in East Timor*	*Sale of United Nations bonds*	*Cafeteria Amortization Fund*	*Liquor Revolving Fund*	*Others*[b]	*Total 2011*	*Total 2009*
Assets								
Cash and term deposits	–	34	–	–	–	–	34	31
Offices away from Headquarters cash pool[c]	–	–	–	1 487	–	–	1 487	1 290
Cash pool[d]	5 193	3 364	–	–	–	14	8 571	8 276
Assessed contributions receivable from Member States	–	6 092	–	–	–	–	6 092	6 095
Inter-fund balance receivable	–	–	–	16	99	67	182	780
Other accounts receivable	–	–	–	107	–	26	133	50
Due from the Ad Hoc Account for the United Nations Operation in the Congo[e]	–	–	35 931	–	–	–	35 931	35 931
Due from the Special Account for the United Nations Emergency Force (1956)[f]	–	–	8 117	–	–	–	8 117	8 117
Total assets	**5 193**	**9 490**	**44 048**	**1 610**	**99**	**107**	**60 547**	**60 570**
Liabilities								
Unliquidated obligations — current period	–	–	–	61	–	–	61	284
Inter-fund balances payable	–	–	–	–	–	–	–	10
Other accounts payable	–	–	–	–	–	–	–	2
Total liabilities	**–**	**–**	**–**	**61**	**–**	**–**	**61**	**296**
Reserves and fund balances								
Operating reserves	–	–	–	421	–	–	421	301
Cumulative surplus	5 193	9 490	44 048	1 128	99	107	60 065	59 973
Total reserves and fund balances	**5 193**	**9 490**	**44 048**	**1 549**	**99**	**107**	**60 486**	**60 274**
Total liabilities and reserves and fund balances	**5 193**	**9 490**	**44 048**	**1 610**	**99**	**107**	**60 547**	**60 570**

(Footnotes on following page)

(Footnotes to Schedule 12.6)

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[a] See note 12.8.

[b] Combines common services, special awards, and maintenance and repair of the residence of the Executive Secretary of ECA. See note 12.8 (f).

[c] Represents share of the United Nations Offices away from Headquarters cash pool and comprises cash and term deposits of $168,983, short-term investments of $424,659 (market value $425,444), long-term investments of $889,553 (market value $891,060) and accrued interest receivable of $3,635.

[d] Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $1,697,607, short-term investments of $2,005,112 (market value $2,008,599), long-term investments of $4,853,866 (market value $4,846,297) and accrued interest receivable of $14,039.

[e] Disposal of this amount will be subject to a decision by the General Assembly.

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, are as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for binding decisions, and gives advisory opinions on legal questions referred to it by authorized United Nations organs and specialized agencies.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the Regulations, and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination (CEB). The Organization follows

International Accounting Standard 1, "Presentation of financial statements", on the disclosure of accounting policies, as modified and adopted by CEB, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Organization is a biennium consisting of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal-year basis covering the period from 1 July to 30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in item k (ii) below applies.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The statement of cash flows is based on the indirect method of cash flows, as referred to in the United Nations system accounting standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards to the High-level Committee on Management.

(i) The results of the Organization's operations presented in statements I, II and III are summarized by general type of activity and are presented on a combined basis for funds other than those that are reported on separately, after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a combined basis does not imply that the various separate funds can be intermingled in any way, since, normally, resources may not be utilized between funds.

(j) Separate financial statements are issued for the United Nations general and related funds, for the two United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994) and for the peacekeeping accounts, which are reported on a fiscal-year basis covering the period from 1 July to 30 June. Separate financial statements are also issued for the International Trade Centre, the United Nations University and the United Nations Institute for Training and Research and for the programmes and funds of the United Nations system, including the United Nations Office on Drugs and Crime, the United Nations Environment Programme, the United Nations Human Settlements Programme, the Office of the United Nations High Commissioner for Refugees, the United Nations Development Programme, the United Nations Population Fund, the United Nations Children's Fund, the United Nations Office for Project Services, the United Nations Capital Development Fund, UN-Women, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the World Food Programme and the United Nations Volunteers.

(k) Income:

(i) The amounts necessary to finance the activities of the United Nations regular budget, the peacekeeping operations, the capital master plan, the International Tribunals for the Former Yugoslavia and Rwanda and the Working Capital Fund are assessed to Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when assessments to Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed to non-Member States that agree to reimburse the Organization for the costs of their participation in United Nations treaty bodies, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(v) Income from revenue-producing activities (including activities handled by outside contractors) is shown in the financial statements on a net basis, after the subtraction of directly related operating expenditures;

(vi) Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vii) Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund;

(viii) Income from jointly financed activities represents amounts charged to other organizations for their share of joint costs paid for by the Organization;

(ix) Income for services rendered includes amounts charged for staff salaries and other costs that are attributable to providing technical and administrative support to other organizations;

(x) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments, and investment income earned in the cash pools. All realized losses and net unrealized losses on short-term investments are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds;

(xi) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, income from net gains resulting from currency exchange adjustments, except for those arising from revaluation of current-period obligations as stated in item (l) (i) below, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed to non-Member States as stated in item (k) (iii) above, monies accepted for which no purpose was specified and other sundry income. In respect of general trust funds, miscellaneous income also includes savings on or cancellation of prior-period obligations;

(xii) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income, as referred to in item (n) (iii) below.

(l) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements. Expenditures also include currency exchange adjustments arising from revaluation of current-period obligations;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. The inventory of such non-expendable property is maintained at the historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period but are recorded as deferred charges, as referred to in item (m) (vi) below.

(m) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits;

(ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term investments are stated at the lower of cost or market value; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The market value of investments is disclosed in the footnotes to the financial statements;

(iii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are similar in nature and are accounted for as set out in item (m) (ii) above. The share in the cash pools is reported separately in each participating fund's statement and its composition and the market value of its investments are disclosed in the footnote to the statement. Additional details are provided in note 13;

(iv) Assessed contributions represent legal obligations of contributors, and therefore the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(v) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with that fund. Inter-fund balances are settled periodically, depending on the availability of cash resources;

(vi) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vii) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(viii) Construction in progress is shown in the accounts as such until completion of the construction projects, at which time the completed construction projects, together with the cost of the land, are reflected as capital assets of the Organization;

(ix) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in the notes to the financial statements.

(n) Liabilities and reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for "reserves and fund balances" shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities and other income received but not yet earned;

(iv) The commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations relating to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds with a multi-year financial cycle remain valid until the completion of the project;

(v) Accrued liabilities for end-of-service and post-retirement benefits comprise those for after-service health insurance, repatriation benefits and unused vacation days. The liabilities of all three groups of accrued liabilities for end-of-service and post-retirement benefits are determined on an actuarial basis;

(vi) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vii) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined-benefit plan. An actuarial valuation of the Pension Fund's assets and pension benefits is prepared every two years. As there is no consistent and reliable basis for allocating the related liabilities/assets and costs to individual participating organizations, the United Nations is not in a position to identify its share of the underlying financial position and performance of the Pension Fund with sufficient reliability for accounting purposes and hence has treated this plan as if it were a defined contribution plan. Thus the United Nations share of the related net liability/asset position of the Pension Fund is not reflected in the financial statements. The Organization's contribution to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent for the participant and 15.8 per cent for the organizations of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the reporting date for the current financial statements, the General Assembly had not invoked this provision.

(o) Technical cooperation activities:

(i) The technical cooperation financial statements report on activities financed by voluntary contributions, funds received under inter-organizational arrangements from UNDP, UNFPA and other sources, and by allocation from section 22 of the regular budget;

(ii) Voluntary contributions from Member States or other donors for technical cooperation activities are recorded as income upon receipt of cash, including amounts received pending the identification of specific projects;

(iii) The allocation of income from UNDP and UNFPA is determined taking into account interest and other miscellaneous income against total expenditure;

(iv) Distribution of interest income for trust funds is calculated at year end using the percentage participation of each fund based on the monthly average fund balance;

(v) Miscellaneous income arising from regular budget activities is credited to miscellaneous income of the General Fund. Interest and miscellaneous income for technical cooperation trust funds are credited to the trust funds concerned;

(vi) Unliquidated obligations for the current period in respect of all technical cooperation activities other than those funded from the regular budget remain valid for 12 months following the end of the calendar year, rather than the biennium, to which they relate. However, in accordance with UNDP/UNFPA reporting requirements, such obligations may be retained beyond 12 months when a firm liability to pay still exists. Savings on or cancellation of prior-period obligations are credited to individual projects as a reduction of current-period expenditure;

(vii) The appropriation for the technical cooperation programmes of the regular budget is administered in accordance with the Financial Regulations and Rules of the United Nations. Unliquidated obligations for the regular programme of technical cooperation that are outstanding at the end of a financial period are transferred from the United Nations General Fund accounts to the technical cooperation accounts in the following financial period;

(viii) A system of average costing is used for UNDP/UNFPA projects whereby those elements of experts' actual costs that are unique to the individual expert are charged to UNDP/UNFPA projects at average cost. This is calculated by apportioning those costs over all UNDP or UNFPA projects in respect of which expert-months have been delivered in the current period;

(ix) The repatriation grant entitlement is calculated on the basis of 8 per cent of net base pay for eligible project personnel, except those subject to average costing.

(p) Trust funds established by the General Assembly or the Secretary-General are of two types — general trust funds and technical cooperation trust funds:

(i) Accounts for general trust funds are maintained under the same accounting procedures as those adopted for the regular budget, except that cancellations of prior-period obligations are credited to miscellaneous income;

(ii) Where the implementing partner is an entity of the United Nations system, general trust funds record disbursements as advances, and expenditures are recognized on the basis of expenditure reports submitted by them subsequently, at which time the advances are reduced. Where the implementing partner is not part of the United Nations system, based on the agreement with the implementing partner, payments to them are regarded as grants. In such cases, 100 per cent of the value of the grant is recognized as expenditure when agreements are signed, the disbursement is made at that same moment and the implementing partners have the obligation of providing expenditure reports during the life of the project and the final audited reports after the completion of projects. If the United Nations, based on the agreement, disburses less than 100 per cent of the amount to the implementing partners, the part that was not disbursed remains as an unliquidated obligation until after the implementing partners provide expenditure reports. The unliquidated obligations are either reduced if further disbursements are required or cancelled where no further disbursements are made;

(iii) General trust funds are charged with costs for the repatriation grant entitlement, which is calculated on the basis of 8 per cent of net base pay of eligible personnel.

(iv) Funds provided to reimburse the Organization for the use of its facilities are not treated as trust funds. Any unspent balances of such funds held by the Organization are included as part of accounts payable totals reported in the General Fund (statement V) or in other statements.

Note 3
All funds summaries: income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities and reserves and fund balances (statement II); and cash flows (statement III)

(a) Statements I, II and III contain financial results for United Nations funds, which are totalled into eight groups of related funds and, after elimination, combined into a grand total reflecting all activities of the Organization. This combined presentation should not be interpreted to mean that any individual fund can be used for any purpose other than that for which it is authorized. The eight groups consist of:

(i) General Fund and related funds, comprising the United Nations General Fund, Working Capital Fund and Special Account, which is reflected in statement V;

(ii) Technical cooperation activities, which include the financial results summarized in statement VI;

(iii) General trust funds, which include the financial results summarized in statement VII;

(iv) Tax Equalization Fund, which includes the financial results summarized in statement VIII;

(v) Capital master plan, which includes the financial results summarized in statement IX;

(vi) Capital assets and construction in progress, which include the financial results summarized in statement X;

(vii) End-of-service and post-retirement benefits, which include the financial results summarized in statement XI;

(viii) Other United Nations special funds, which include the financial results summarized in statement XII.

(b) Statement I includes two calculations of the excess or shortfall of income compared with expenditure. The first calculation is based on income and expenditure only for the current period of the biennium. The second calculation shown is a net one, which includes any prior-period adjustments to income or expenditure.

(c) All funds eliminations. Upon combination of all funds into the eight groups (note 3 (a)), eliminations of transactions that occur across the groups (i.e., inter-group transactions) are required in order to make a fair presentation of the "Total" column. These eliminations include transactions that comprise income of one group of funds but are the expense of another group, or a receivable of one group that is the payable of another group. All such eliminations are presented in the "All funds eliminations" column.

Note 4
General Fund: status of appropriations (statement IV)

In accordance with General Assembly resolutions 64/244 A and B, 64/260, 64/288, 65/260 and 66/245, the budget appropriations and gross assessments for the biennium 2010-2011 are as follows:

(Thousands of United States dollars)

	2010	*2011*	*Total*
Budget appropriations (resolution 64/244 A)	2 578 014	2 578 015	5 156 029
Add: Increased appropriations for the biennium 2010-2011:			
resolution 64/260	–	2 745	2 745
resolution 64/288	–	187	187
resolution 65/260	–	208 274	208 274
resolution 66/245	–	49 199	49 199
Total 2010-2011 final budget appropriations	**2 578 014**	**2 838 420**	**5 416 434**

	2010	*2011*	*Total*
Estimated income (other than staff assessment) for the biennium 2010-2011 (resolution 64/244 B)	16 494	16 494	32 988
Add: Increase in income (other than staff assessment) for the biennium 2010-2011			
resolution 65/260	–	4 943	4 943
resolution 66/245	–	13 925	13 925
Total final estimated income	**16 494**	**35 362**	**51 856**
Total 2010-2011 final budget appropriations less total estimated income	**2 561 520**	**2 803 058**	**5 364 578**
Add: Amount previously not assessed pursuant to section XII of resolution 63/263, now assessed in 2010 (resolution 64/244 C)	45 000	–	45 000
Amount relating to adjustments in appropriations for the biennium 2008-2009 (resolutions 63/268 and 63/283) to be assessed in 2011 (resolution 65/260C)	–	2 579	2 579
Increase in income (other than staff assessment) for the biennium 2010-2011 to be adjusted against the assessment in 2012 (resolution 66/248 C)	–	13 925	13 925
Less: Unutilized surplus of the final appropriations for the biennium 2006-2007 adjusted against the assessment in 2010 (resolution 64/244 C)	(141 098)	–	(141 098)
Net decrease in appropriations for the biennium 2008-2009 (resolutions 63/268, 63/283 and 64/242 A) adjusted against the assessment in 2010 (resolution 64/244 C)	(67 745)	–	(67 745)
Increase in income (other than staff assessment) for the biennium 2008-2009 (resolution 64/242) adjusted against the assessment in 2010 (resolution 64/244 C)	(19 686)	–	(19 686)
Amount for recosting (resolution 64/243) not assessed in 2010 in accordance with resolution 64/244 C	(27 384)	–	(27 384)
Unutilized surplus for the biennium 2008-2009 to be adjusted against the assessment in 2011 (resolution 65/260 C)	–	(121 824)	(121 824)
Increase in appropriations for the biennium 2010-2011 (resolution 66/245) to be assessed in 2012 (resolution 66/248 C)	–	(49 199)	(49 199)
	(210 913)	(154 519)	(365 432)
Gross amount assessed to Member States in the biennium 2010-2011 (resolutions 64/244 C and 65/260 C)	**2 350 607**	**2 648 539**	**4 999 146**

Note 5
United Nations General Fund and related funds (statement V)

1. United Nations General Fund

(a) Cash and term deposits:

The cash and term deposits figure shown represents the net total of all cash balances (including funds held in non-convertible currencies), less any overdrafts.

(b) Assessed contributions receivable from Member States:

(i) The assessed contributions receivable, as shown in the accounts for the period ended 31 December 2011, have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. Based on United Nations policy, as stated in note 2 (m) (iv) above, no provision has been made for delays in the collection of outstanding assessed contributions;

(ii) In accordance with financial regulation 3.5, payments made by a Member State are credited first to the Working Capital Fund and then to regular budget contributions due in the order in which the Member State was assessed;

(iii) The total unpaid assessments include the amount of $710,168 that was due from the former Yugoslavia, which ceased to be a Member State on 1 November 2000; this amount will be apportioned among the successor States of the former Yugoslavia pursuant to General Assembly resolution 63/249;

(iv) A Member State has indicated that it does not intend to pay some of its assessed contributions relating to certain expenditure items included in the Organization's regular budget or that such contributions will be paid only under certain conditions. As a result, it is estimated that as at 31 December 2011 a cumulative total of $165,936,072 has been withheld by the Member State. This estimate is included in the total contributions outstanding as at 31 December 2011 of $454,408,938 with respect to the regular budget. As payments received are applied towards settlement of the Member State's earliest outstanding assessments, of the total outstanding assessments, $13,242,108 are over one year old and $441,166,830 are less than one year old;

(v) The assessed contributions receivable shown in statement V exclude $16,636,846 in unpaid assessed contributions to the regular budget by China for the period up to 24 October 1971. Following the adoption by the General Assembly on 25 October 1971 of resolution 2758 (XXIV), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations", that amount has been transferred to a special account under General Assembly resolution 3049 C (XXVII) of 19 December 1972.

(c) The following is a breakdown of other accounts receivable pertaining to the United Nations General Fund that are included in statement V as at 31 December 2011 and 2009:

(Thousands of United States dollars)

Accounts receivable	*2011*	*2009*
Governments	2 925	3 250
Staff members	27 616	23 286
Vendors	11 201	4 713
Specialized agencies	6 487	3 453
Other entities	55 596	46 365
Other	4 005	2 904
Total	**107 830**	**83 971**

(d) The following is a breakdown of deferred charges pertaining to the United Nations General Fund that are included in statement V as at 31 December 2011 and 2009:

(Thousands of United States dollars)

Deferred charges	*2011*	*2009*
Education grant advances	16 343	12 379
Commitments against future years	193 617	143 558
Other	995	740
Total	**210 955**	**156 677**

(e) The following is a breakdown of other accounts payable pertaining to the United Nations General Fund that are included in statement V as at 31 December 2011 and 2009:

(Thousands of United States dollars)

Accounts payable	*2011*	*2009*
Governments	627	1 958
Staff members	16 381	11 309
Vendors	48 775	28 938
Specialized agencies	3 110	4 545
Other entities	18 315	12 851
Provisions for repatriation grant	7 905	7 097
Other	1 259	3 732
Total	**96 372**	**70 430**

(f) The surplus account of the United Nations General Fund represents funds available for credit to Member States arising from unobligated balances of appropriations, cancellation of prior-period obligations and other designated income. The following table shows the composition of total reserves and fund balances as at 31 December 2011 and 2009:

(Thousands of United States dollars)

Reserves and fund balances		*2011*	*2009*
Authorized retained surpluses as established by:			
General Assembly resolutions 2947 A and B (XXVII)		3 938	3 938
General Assembly resolution 36/116 B	45 480		
Less: write-off of arrears for South Africa[a]	19 100	26 380	26 380
General Assembly resolution 40/241 B	10 532		
Less: write-off of arrears for South Africa[a]	4 423	6 109	6 109

Reserves and fund balances		*2011*	*2009*
General Assembly resolution 42/216 A	154 881		
Less: transfer to peacekeeping reserve fund[b]	82 601		
Less: write-off of arrears for South Africa[a]	30 359	41 921	41 921
Total authorized retained surplus		**78 348**	**78 348**
Less: Funding of UNITAR Building[c]		9 992	9 992
Net authorized retained surplus		**68 356**	**68 356**
Cumulative surplus:			
Excess (shortfall) of income over expenditure		(355 793)	93 396
Prior-period adjustments		(367)	(11 239)
Cancellation of prior-period obligations		45 017	39 667
Subtotal		**(311 143)**	**121 824**
Balance of cumulative surplus as at 31 December 2009 and 2007		262 922	141 098
Total cumulative surplus (deficit)		**(48 221)**	**262 922**
Total reserves and fund balances		**20 135**	**331 278**

[a] General Assembly resolution 50/83 of 15 December 1995.

[b] General Assembly resolution 47/217 of 23 December 1992.

[c] General Assembly resolution 47/227 of 8 April 1993.

2. Working Capital Fund

(a) The Working Capital Fund was established pursuant to General Assembly resolution 80 (I) in 1946. Under current financial regulations the source of moneys of the fund is advances from Member States made in accordance with the scale of assessments as determined by the General Assembly for the apportionment of the expenses of the United Nations. Advances may be made from the Working Capital Fund to finance budgetary appropriations or unforeseen and extraordinary expenses or for other purposes as authorized by the General Assembly.

(b) In accordance with General Assembly resolution 60/283 of 7 July 2006, the level of the Working Capital Fund increased from $100 million to $150 million with effect from 1 January 2007.

3. United Nations Special Account

Under the provisions of General Assembly resolutions 2053 A (XX) of 15 December 1965 and 3049 A (XXVII) of 19 December 1972, the Special Account has received voluntary contributions from Member States and private donors in order to overcome the financial difficulties of the United Nations and to resolve the Organization's short-term deficit.

Note 6
Technical cooperation activities (statement VI)

The amount of $1,992,000 shown in statement VI as receivable from funding sources includes unliquidated obligations for which funds will be requested only as payments become due, in accordance with existing arrangements with UNDP and UNFPA.

Note 7
General trust funds (statement VII)

(a) During the biennium 2010-2011, seven trust funds were established and eight were closed. As at 31 December 2011, there were 168 general trust funds.

(b) The General Assembly decided, in its resolution 60/124, to upgrade the former Central Emergency Revolving Fund, which provided loans, to the current Central Emergency Response Fund, which, in addition to loans, would also provide grants. The Central Emergency Response Fund is funded from voluntary contributions and is established to ensure a more timely and predictable response to humanitarian emergencies, with the objectives of promoting early action and response to reduce loss of life, enhancing response to time-critical requirements and strengthening core elements of humanitarian response in underfunded crises. Loans provided by the Central Emergency Response Fund that are outstanding as of 31 December 2011 are shown in the appendix.

(c) The United Nations Office for Partnerships (UNOP) was established in 2006 to strengthen system-wide coherence in the establishment of operational relationships with global partners of the United Nations and is responsible for management of the United Nations Fund for International Partnerships (UNFIP) and the Trust Fund for Partnerships. The United Nations Fund for International Partnerships, a trust fund administered by the Secretary-General, was established by the United Nations in 1998 following the agreement signed by the United Nations with the United Nations Foundation, Inc., a not-for-profit corporation organized under the laws of the State of New York of the United States of America. Funding is provided by the Foundation to assist and support the United Nations in achieving the goals and objectives of the Charter of the United Nations. UNFIP, through its administrative office, works with the Foundation to identify and select projects and activities to be funded by the Foundation, receiving and distributing funds for such projects and activities, and monitoring and reporting to the Foundation on the use of the funds. Upon approval of project documents, UNFIP advances the annual cash requirements to United Nations funds, programmes and specialized agencies. At periodic intervals, implementing partners submit reports providing details of cash disbursed in carrying out project activities, which serve as the basis for clearing the cash advances. The Trust Fund for Partnerships was established in 2009 by the Secretary-General to provide the United Nations Office for Partnerships with a financial mechanism for mobilizing the resources of non-State actors through public/private partnerships, to support the international agenda of the United Nations and the Millennium Development Goals.

Note 8
United Nations Tax Equalization Fund (statement VIII)

(a) The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members whatever their national tax obligations. The Fund reports as income the staff assessment in respect of staff members financed under the regular budget, assessed peacekeeping operations and the Tribunals for Rwanda and the Former Yugoslavia. The Fund includes as expenditure the credits against the regular budget, peacekeeping and Tribunals assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes they had to pay on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds.

(b) Cumulative surplus for the United States of America at the end of the biennium 2010-2011 is shown as "Accounts payable to Member States" pending instructions as to its application.

Note 9
Capital master plan and related special accounts (statement IX)

1. Capital master plan

(a) The capital master plan was established in 2001 pursuant to General Assembly resolution 55/238 and encompasses all expenditures relating to the major refurbishment of the United Nations Headquarters complex in New York. The capital master plan was initially financed through an appropriation from the United Nations regular budget and subsequently through separate assessments to Member States. The General Assembly approved, in its resolution 61/251 of 22 December 2006, the capital master plan at a total project budget not to exceed $1,876.7 million (exclusive of any credit facility fees) and the establishment of a working capital reserve of $45 million under the capital master plan.

(b) Amounts capitalized as construction in progress for the capital master plan represent only that portion of the expenditures that provides long-term benefits. Expenditures that do not provide long-term benefits, and therefore do not meet the capitalization criteria, are expensed. In addition, expenditures for non-expendable property are also expensed, in accordance with paragraph 43 of the United Nations system accounting standards, revision VIII.

2. Associated costs

The United Nations Special Account for Capital Master Plan Associated Costs was established in July 2008 to account for the temporary increases in staffing and operational costs during the construction period of the capital master plan and for other costs arising from the capital master plan, including those relating to furniture and equipment. In accordance with section III of General Assembly resolution 64/228, "Associated costs" are financed from within the approved budget for the capital master plan.

3. Secondary Data Centre

The United Nations Special Account for the Secondary Data Centre was established in May 2009 to account for and segregate costs pertaining to the Secondary Data Centre. Amounts recorded under this fund represent costs relating to the temporary site for the Secondary Data Centre. In accordance with General Assembly resolution 64/228, costs for the "Secondary Data Centre" are financed from the support account for peacekeeping operations ($2,195,790), and the remainder from within the approved budget of the capital master plan.

4. Security enhancements

The United Nations Special Account for Critical Capital Master Plan Security Enhancements was established in 2011 in accordance with General Assembly resolution 65/269 in order to account for the implementation of the security enhancements to improve the security of the Headquarters compound and of representatives, staff and visitors. The estimated cost of $100 million is funded entirely by contributions from the host country.

Note 10
Capital Assets Fund and construction in progress (statement X)

1. Capital Assets Fund

(a) Land and buildings are reported at original cost. No depreciation is provided for buildings. Major improvements and extensions to existing buildings are reflected in the construction in progress fund and are capitalized when the projects are completed.

(b) The capital assets of the Organization as at 31 December 2011, expressed in millions of United States dollars, comprise land and buildings (at cost) at the following locations:

(Millions of United States dollars)

Capital assets		*Amount*
United Nations Building, New York (original cost)	67.1	
Less: cost of library building razed in 1960	1.7	65.4
Dag Hammarskjöld Library Building, New York		6.7
Land for permanent Headquarters site, New York		9.6
Extension of meeting rooms of North Lawn Building and delegates' dining facilities and staff cafeteria, New York		56.2
UNITAR Building		11.0
Temporary North Lawn Building		179.7
Security enhancements		43.0
Secondary Data Centre		1.1
Associated costs		3.5
Subtotal		**376.2**
Secretariat Building and General Assembly Hall, library building and villas, Geneva		12.3

Capital assets		*Amount*
Modernization of the Palais des Nations, Geneva		2.1
Major maintenance, Geneva		6.7
Extensions of conference facilities, Geneva		47.7
Security enhancements		35.9
Subtotal		**104.7**
United Nations accommodation at Nairobi, Gigiri Building		49.3
Conference facilities at Nairobi, Gigiri Building		10.0
Security enhancements		2.6
Subtotal		**61.9**
United Nations Building — Vienna:		
Security enhancements		8.5
Subtotal		**8.5**
Land and structures, Addis Ababa, Mogadishu and Pusan		0.3
ECA Building, Addis Ababa		7.5
New ECA conference facilities		115.0
Security enhancements		2.4
Subtotal		**125.2**
United Nations Building, Santiago		5.6
Documents Research Centre, Santiago		1.0
Annex — North Building		2.0
Security enhancements		1.5
Subtotal		**10.1**
ESCAP Building, Bangkok	8.7	
Less: cost of the Netherlands building razed in 1990	0.2	8.5
ESCAP conference building in Bangkok		46.5
Security enhancements		1.4
Subtotal		**56.4**
Total		**743.0**

2. Construction in progress

(a) The financial statements for construction in progress comprise those for security measures and other discrete construction-in-progress projects.

(b) All construction-in-progress accounts are maintained on a multi-year financial cycle. Any unexpended balances of appropriations are carried forward into succeeding bienniums until the projects are completed.

(c) Capital expenditures incurred net of cancellation of prior-period obligations and prior-period adjustments are transferred to and reported as construction in progress in the statement of assets, liabilities and reserves and fund balances.

(d) The Fund for Security Measures was established in 2002 pursuant to General Assembly resolution 56/286 to account for and report on the resources authorized by the General Assembly for alteration and improvements of United Nations premises and on related expenditures in respect of strengthening the security and safety of the United Nations premises. Funds for security measures are appropriated from the United Nations regular budget.

(e) The column in statement X labelled "Other construction" comprises construction projects other than those related to security measures in various locations. During the biennium 2010-2011, they comprised construction projects at ECA and UNON.

Note 11
End-of-service and post-retirement benefits (statement XI)

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits and commutation of unused vacation days. As disclosed in note 2 (n) (v), all three liabilities are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm.

(b) After-service health insurance:

(i) Upon end-of-service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007, and five years for those who were recruited prior to that date. This benefit is referred to as after-service health insurance.

(ii) The major assumptions used by the actuary to determine the liabilities for after-service health insurance as at 31 December 2011 were a discount rate of 4.5 per cent; health-care escalation rates of 8.0 per cent in 2012 for all medical plans (except 7.0 per cent for the United States Medicare plan, and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent in 2027 and later years; and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits. The main changes as compared to the 31 December 2009 valuation were: (a) a decline in the assumption for the discount rate from 6.0 per cent to 4.5 per cent, reflecting a broad decline in interest rates of the benchmark which is based on rates for high-quality corporate bonds; (b) an assumption for higher health-care escalation rates for plans outside of the United States; and (c) requirement for all eligible retirees of the United Nations to be enrolled in the United States Medicare Plan B, which results in reduced costs to the Organization with respect to charges from medical practitioners.

(iii) Another factor in the after-service health insurance valuation is to consider contributions by all plan participants in determining the

Organization's residual liability. Thus, contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the Organization's residual liability in accordance with cost-sharing ratios authorized by the General Assembly. These ratios require that the Organization's share shall not exceed one half for non-United States health plans, two thirds for United States health plans, and three quarters for the Medical Insurance Plan.

(iv) On the basis outlined in subparagraphs (ii) and (iii) above, the present value of the accrued liability as at 31 December 2011 was estimated at $2,916,305,000, net of contributions from plan participants, and excluding the liability related to peacekeeping operations, which is shown in volume II of the financial statements for peacekeeping operations.

(Thousands of United States dollars)

After-service health insurance liabilities	*Regular budget*	*Extrabudgetary resources*	*Total*
Gross liability	4 377 574	542 969	4 920 543
Offset by contributions from plan participants	(1 778 293)	(225 945)	(2 004 238)
Net liability of the Organization	**2 599 281**	**317 024**	**2 916 305**

The above net liability of $2,916,305,000 compares to an estimate of $1,937,522,000 as of 31 December 2009. The increase of $978,783,000 is mainly due to an actuarial loss of $917,621,000, which is primarily due to the change in the assumption for discount rates, from 6.0 per cent as of 31 December 2009 to 4.5 per cent as of 31 December 2011.

(v) Further to the assumptions in subparagraph (ii) above, it is estimated that the present value of the liability would increase by 21 per cent and decrease by 16 per cent if the medical cost trend is increased and decreased by 1 per cent, respectively, all other assumptions held constant. Similarly, it is estimated that the accrued liability would increase by 20 per cent and decrease by 16 per cent if the discount rate is decreased and increased by 1 per cent, respectively, all other assumptions held constant.

(c) Repatriation benefits:

(i) Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based upon length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.

(ii) As referred to in note 2 (n) (v), a consulting actuary was engaged to carry out an actuarial valuation of repatriation benefits as at 31 December 2011. The major assumptions used by the actuary were a discount rate of 4.5 per cent, annual salary increases ranging from 9.1 per cent to 4.0 per cent based on age and category of staff members, and travel cost increases of 2.5 per cent per annum.

(iii) On the basis of those assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2011 was estimated at $163,538,000 for the regular budget and $29,729,000 for extrabudgetary resources that are included in volume I of the United Nations financial statements.

(d) Unused vacation days:

(i) Upon end of service, staff members may commute unused vacation days up to a maximum of 60 working days for those holding fixed-term or continuing appointments.

(ii) As referred to in note 2 (n) (v), a consulting actuary was engaged to carry out an actuarial valuation of unused vacation days as at 31 December 2011. The major assumptions used by the actuary were a discount rate of 4.5 per cent and an annual rate of increase in accumulated annual leave balances of 12.5 days in each of the first three years, 3.0 days per year in the fourth to sixth years, and 0.1 days annually thereafter, capping at an accumulation of 60 days. Salary is assumed to increase annually at rates ranging from 9.1 per cent to 4.0 per cent based on age and category of the staff members.

(iii) On the basis of those assumptions, the present value of the accrued liability for unused vacation days as at 31 December 2011 was estimated at $86,336,000 for the regular budget and $16,426,000 for extrabudgetary resources that are included in volume I of the United Nations financial statements.

Note 12
Other United Nations special funds (statement XII)

1. Funds held in trust (schedule 12.1)

Funds held in trust account for activities with respect to the various health and life insurance plans of the United Nations, for compensation payments under appendix D to the Staff Rules, and for liability claims associated with the general liability of the Organization.

2. Special accounts for administrative cost recoveries (schedule 12.2)

(a) The special accounts for administrative cost recoveries are shown separately from the extrabudgetary funds from which they derive their incomes.

(b) Reimbursement for administrative costs is provided for in respect of extrabudgetary technical cooperation, administrative and substantive activities. The reimbursement is generally calculated as a percentage of the resources expended, except for general trust fund allocations.

(c) Unliquidated obligations in respect of special accounts for administrative cost recoveries are accounted for on the same basis as for the programme budget.

(d) The support account for peacekeeping operations is presented in volume II of the United Nations financial statements.

3. Common support services (schedule 12.3)

(a) Special Account for the Implementation of the Enterprise Resource Planning System. Pursuant to General Assembly resolution 63/262, the fund was established as a special multi-year account to account for the activities relating to the new Enterprise Resource Planning (ERP) system, which is funded from the regular budget and the peacekeeping support account as authorized by the General Assembly, and from extrabudgetary resources.

(b) Integrated Management Information System (IMIS). The fund was established to account for the activities relating to the IMIS project.

(c) Information technology and telecommunications represents the Special Account for Information Technology and Telecommunications Services Costs at Headquarters, which was established during the biennium 2000-2001 to account for the recovery of the costs associated with information technology and telecommunication services provided by the Office of Information and Communications Technology at United Nations Headquarters. Such costs, which include common carrier costs, infrastructure maintenance and development costs, and operational and management costs of the Office of Information and Communications Technology, are reimbursed by users of the services.

(d) Travel services represents the Special Account for Travel Services, which was established during the biennium 2000-2001 to account for the travel services provider at Headquarters. Effective 2006, travel tickets raised at Headquarters are charged a percentage fee, currently set at 4.5 per cent, in order to provide the required funding for the travel services provider at Headquarters.

(e) Rented premises represents the Special Account for Rented Premises at Headquarters, which was established during the biennium 2002-2003 to account for rental and maintenance costs of rented premises at Headquarters.

4. Jointly financed activities (schedule 12.4)

Costs of the International Civil Service Commission, the Joint Inspection Unit, the CEB secretariat, joint safety and security activities, the Malicious Acts Insurance Policy and the Dag Hammarskjöld Library Consortium, and jointly financed activities pertaining to safety and security, conference and administrative services in the United Nations Office at Vienna, are charged directly to the fund established for these jointly financed activities. These costs are charged directly to the fund when incurred and are distributed among participating organizations. The amounts payable by the United Nations and other participating organizations are credited to income.

5. Supplementary development activities

(a) Supplementary development activities represent the special multi-year account for supplementary development activities, which was established by the General Assembly in its resolution 54/15. Resources appropriated under the section for the Development Account of the United Nations regular budget are transferred into the special multi-year account.

(b) The unspent balance of appropriations at the end of the biennium is carried forward to the succeeding biennium.

6. Conferences and conventions (schedule 12.5)

Conferences and conventions comprise:

(a) "Conferences and substantive meetings pursuant to host country agreements", which accounts for conferences and meetings that are undertaken pursuant to host country agreements.

(b) "Conferences of States Parties to treaties and conventions", which accounts for conferences and conventions that are undertaken pursuant to treaty and similar agreements. Included in this column are the Conference of Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, the Convention on Certain Conventional Weapons, the Ottawa Convention on Landmines, and the Convention on Cluster Munitions.

7. United Nations System Staff College

Pursuant to General Assembly resolution 55/278, the United Nations System Staff College was established with effect from 1 January 2002, and a special account was created for the activities of the College, which is reported on the financial statements of the United Nations. The College serves as the institution for system-wide knowledge management, training and continuous learning for the staff of the United Nations system, aimed in particular at the areas of economic and social development, peace and security and internal management of the United Nations system.

8. Other United Nations funds (schedule 12.6)

(a) The United Nations Nobel Peace Prize Memorial Fund was established effective 29 May 2003 for the receipt and administration of the entire proceeds of the Nobel Peace Prize awarded in 2001 to the United Nations and the Secretary-General, in order to create a living memorial to the United Nations civilian personnel who have been killed in the service of peace and to assist in the education of their surviving children. In 2010 the name of the Fund was amended to the United Nations Memorial and Recognition Fund and its terms of reference were revised. The Fund is to be used for providing assistance to United Nations civilian personnel and their families in defined circumstances, including those killed or disabled in the line of duty, those who are victims and survivors of malicious acts aimed at the United Nations, and those who are victims of kidnapping or hostage incidents. The Fund may now receive voluntary contributions from a variety of sources, including Member States, intergovernmental organizations, foundations, private sector entities and individuals.

(b) United Nations Mission in East Timor:

(i) By its resolution 1246 (1999), the Security Council established the United Nations Mission in East Timor (UNAMET) to organize and conduct a popular consultation, on the basis of a direct, secret and universal ballot;

(ii) UNAMET was succeeded by United Nations Transitional Administration in East Timor (UNTAET), then by the United Nations Mission of Support in East Timor (UNMISET), and finally by the United Nations Mission in Timor-

Leste (UNMIT), all of which are funded from the United Nations peacekeeping budget.

(c) United Nations bonds represent the Special Account for Sale of United Nations bonds. Under the terms of General Assembly resolution 1739 (XVI) of 20 December 1961, the Secretary-General was authorized to issue bonds up to a total of $200,000,000, utilizing the proceeds of sale for purposes normally associated with the Working Capital Fund. The Secretary-General was also requested to include in the regular budget an amount sufficient to pay interest and instalments of principal, in accordance with the terms of the issue. A total of $169,906,000 was realized from the sale of the bonds and utilized for the United Nations Emergency Force (1956) and the United Nations Operation in the Congo. The last payments of principal and interest were made to bond holders in the biennium 1988-1989, and the bond issue is now fully amortized.

(d) Cafeteria Amortization Fund. The Fund was established as a revolving fund at the United Nations Office at Geneva in 1972 to accumulate reserves for replacement of catering equipment and to account for related expenditures.

(e) Liquor Revolving Fund. The Fund is maintained as a revolving fund to account for purchases and sales of liquor at United Nations Headquarters.

(f) Others comprise funds for common services, special awards, and maintenance and repair of the residence of the Executive Secretary of the Economic Commission for Africa.

Note 13
Cash pool

(a) Background:

(i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat and a limited number of other entities. Such surplus funds are combined in one of three internally managed cash pools, which invest in major segments of the money and fixed-income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield-curve exposures across a range of maturities;

(ii) Investment activities of all the cash pools are guided by the principles contained in the Investment Management Guidelines. An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance of the various cash pools.

(b) Investment management objectives:

Further to the Guidelines, the investment objectives of all the cash pools, in order of priority, are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return, taking into account investment risk constraints and the cash flow characteristics of the pool. Benchmarks determine whether satisfactory market returns are being achieved in the cash pool.

(c) Cash pools:

(i) The following three distinct cash pools are maintained:

a. Headquarters pool, which has investments only in United States dollars and is for use by funds whose main books of accounts are maintained at United Nations Headquarters in New York;

b. Offices away from Headquarters pool, which has investments only in United States dollars and is for use by funds whose main books of accounts are maintained in one of the offices away from Headquarters;

c. Euro pool, which has investments only in euros and is for use by funds in offices away from Headquarters which may have a surplus of euros from their operations.

(ii) Cash pools invest in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. Cash pools do not invest in derivative instruments, asset-backed, mortgage-backed or equity products;

(iii) Investment transactions are accounted for on a settlement date basis. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pools are expensed as incurred in the cash pools, and the net income is distributed proportionately to the funds participating in the cash pools;

(iv) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants.

(d) Financial information pertaining to the cash pools:

(i) As at 31 December 2011, the cash pools held total assets of $10,809.9 million; of that amount $3,531.1 million was due to volume I, as reflected against the cash pool line in statement II — Statement of assets, liabilities and reserves and fund balances;

(ii) Financial information of the cash pools as at 31 December 2011 is summarized in table 1.

Table 1
Summary of assets and liabilities of the cash pools as at 31 December 2011
(Thousands of United States dollars)

	Headquarters pool	*Offices away from Headquarters pool*	*Euro pool*	*Total*
Assets				
Short-term investments[a]	3 825 106	627 484	122 754	4 575 344
Long-term investments[b]	5 014 303	940 267	152 256	6 106 826
Total investments	**8 839 409**	**1 567 751**	**275 010**	**10 682 170**
Cash	1	2	106 815	106 818
Accrued investment income	14 503	3 842	2 530	20 875
Total assets	**8 853 913**	**1 571 595**	**384 355**	**10 809 863**
Liabilities				
Payable to funds reported in volume I	2 820 779	704 457	5 864	3 531 100
Payable to other cash pool participants not reported in volume I	6 033 134	867 138	378 491	7 278 763
Total liabilities	**8 853 913**	**1 571 595**	**384 355**	**10 809 863**
Net assets	–	–	–	–

Summary of net income of the cash pools for the biennium ended 31 December 2011
(Thousands of United States dollars)

	Headquarters pool	*Offices away from Headquarters pool*	*Euro pool[c]*	*Total*
Net income				
Interest income	190 622	40 714	4 355	235 691
Realized gains on sales of securities	103 405	10 080	478	113 963
Securities lending income[d]	4 388	559	–	4 947
Net income from operations	**298 415**	**51 353**	**4 833**	**354 601**

[a] Lower of book value or fair value.

[b] Book value.

[c] Excludes gains or losses arising on revaluation of the underlying euro currency-based investments.

[d] Securities lending refers to the short-term loan of securities owned by the United Nations to other parties, and for which a fee is paid to the United Nations. The terms of the loan are governed by an agreement, which requires the borrower to provide the United Nations with collateral of a value greater than the loaned security.

(e) Composition of the cash pools:

Table 2 shows a breakdown of investments held in the cash pools by type of instrument:

Table 2
Investments of the cash pools by type of instrument as at 31 December 2011

(Thousands of United States dollars)

Headquarters pool	*Book value*	*Fair value*[a]
Bonds		
Government agencies	3 071 714	**3 073 669**
Non-United States sovereigns and supranationals	1 510 322	**1 504 100**
United States Treasury notes	1 603 813	**1 603 796**
Subtotal	**6 185 849**	**6 181 565**
Discounted instruments[b]	899 842	**899 909**
Term deposits	1 753 718	**1 753 718**
Total investments	**8 839 409**	**8 835 192**

Offices away from Headquarters pool	*Book value*	*Fair value*[a]
Bonds		
Government agencies	989 127	**990 001**
Non-United States sovereigns and supranationals	325 031	**326 577**
Subtotal	**1 314 158**	**1 316 578**
Discounted instruments[b]	74 978	**74 981**
Term deposits	178 615	**178 615**
Total investments	**1 567 751**	**1 570 174**

Euro pool	*Book value*	*Fair value*[a]
Bonds		
Government agencies	93 819	93 764
Non-United States sovereigns and supranationals	103 672	104 055
Subtotal	**197 491**	**197 819**
Term deposits	77 519	77 519
Total investments	**275 010**	**275 338**

Total of all three cash pools	*Book value*	*Fair value*[a]
Bonds		
Government agencies	4 154 660	4 157 434
Non-United States sovereigns and supranationals	1 939 025	1 934 732
United States Treasury notes	1 603 813	1 603 796
Subtotal	**7 697 498**	**7 695 962**
Discounted instruments[b]	974 820	974 890
Term deposits	2 009 852	2 009 852
Total investments	**10 682 170**	**10 680 704**

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.

[b] Includes United States Treasury bills and discount notes.

(f) Financial risk management:

The cash pools are exposed to a variety of financial risks, including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below:

(i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. Those requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and a Fitch Individual Ratings is used to rate term deposits.

The credit ratings of the issuers whose securities were held in the cash pools are shown in table 3.

Table 3

Investments of the cash pools by credit ratings as at 31 December 2011

(Thousands of United States dollars)

Headquarters pool	*Total*[a]	*Ratings*
Bonds	6 185 849	S&P: 28.5% AAA, 69.9% AA+/AA- and 1.6% BBB+; Moody's: 95.5% Aaa, 2.9% Aa1/Aa3 and 1.6% Ba1.
Discounted instruments[b]	899 842	S&P: A-1+; Moody's: P-1.
Term deposits	1 753 718	Fitch: 76% A/B and 24% B.
Total investments	**8 839 409**	

Offices away from Headquarters pool	*Total*[a]	*Ratings*
Bonds	1 314 158	S&P: 41.4% AAA and 58.6% AA+/AA-; Moody's: 94.7% Aaa and 5.3% Aa1/Aa3.
Discounted instruments[b]	74 978	S&P: A-1+; Moody's: P-1.
Term deposits	178 615	Fitch: 60.8% A/B and 39.2% B.
Total investments	**1 567 751**	

Euro pool	*Total*[a]	*Ratings*
Bonds	197 491	S & P: AAA; Moody's: Aaa.
Term deposits	77 519	Fitch: B.
Total investments	**275 010**	

[a] Represents the book value of securities as at 31 December 2011.

[b] Includes United States Treasury bills and discount notes.

(ii) Liquidity risk:

The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. They maintain sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pools' cash and cash equivalents and investments is available within one day's notice to support operational requirements. Hence, the cash pools are able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate owing to changes in foreign exchange rates versus the United States dollar. The Headquarters and offices away from Headquarters pools have no currency risk as all their investments are in United States dollars. The euro pool is exposed to currency risk through holding of securities in euros. Accordingly, funds participating in the euro pool are exposed to currency risk to the extent that their share of investments exceeds their operational requirements for euros.

(iv) Interest rate risk:

Interest rate risk is the risk of variability in investments' values owing to change in interest rates. In general, as the interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk;

The cash pools are exposed to interest rate risk as their holdings comprise interest-bearing securities. As at 31 December 2011, the cash pool invested primarily in securities with shorter terms to maturity, with the maximum term being less than four years. The average durations of the Headquarters pool, the Offices away from Headquarters pool and the euro pool were 1.12 years, 0.89 years and 0.93 years, respectively, which are considered to be indicators of low interest rate risk;

Table 4 shows how the fair value of the cash pools as at 31 December 2011 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis point in the yield curve is shown (100 basis points equals 1 per cent). However, in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table 4
Sensitivity of the cash pools to interest rates as at 31 December 2011
(Millions of United States dollars)

	Change in fair value			
Shift in yield curve (Basis points)	*Headquarters pool*	*Offices away from Headquarters pool*	*Euro pool*	*Total*
-200	197	28	5	230
-150	148	21	4	173
-100	99	14	3	116
-50	49	7	1	57
0	0	0	0	0
50	-49	-7	-1	-57
100	-99	-14	-3	-116
150	-148	-21	-4	-173
200	-197	-28	-5	-230

(v) Other price risk:

The cash pools are not exposed to significant other price risk, as they do not sell short, or borrow securities, or purchase securities on margin, all of which limits the potential loss of capital.

Note 14
Contributions in kind

During the biennium 2010-2011, the Organization received voluntary contributions in kind for various goods and services from Governments and other organizations. The fair value of such contributions in kind was estimated at $29,806,000, comprising $5,158,000 for the United Nations General Fund, $14,879,000 for general trust funds, $9,258,000 for technical cooperation trust funds and $511,000 for special accounts.

Note 15
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against the current appropriations when acquired. The table below shows the non-expendable property at Headquarters and overseas locations, according to the cumulative inventory records of the United Nations as at 31 December 2011 and 2009, respectively.

(Thousands of United States dollars)

Location	*2011*	*2009*
Major duty stations		
Headquarters, New York	180 924	179 691
United Nations Office at Geneva	61 496	52 203
United Nations Office at Vienna	19 251	17 637
United Nations Office at Nairobi	22 612	14 411
Economic commissions		
ECA	32 841	29 493
ECLAC	7 646	7 015
ESCAP	11 743	10 140
ESCWA	6 817	4 243
Special political missions and offices		
BINUB	3 495	24 464
BINUCA	6 292	–
BNUB	14 491	–
BONUCA	–	1 301
UNAMA	77 963	42 206
UNAMI	69 411	51 474
UNIOGBIS	4 016	–
UNIOSIL	–	6 633
UNIPSIL	8 790	7 704
UNMIN	247	9 030
UNMOGIP	7 315	6 518
UNOGBIS	–	1 283
UNOWA/CNMC	2 605	1 467
UNPOS	3 926	2 273
UNSCO	2 873	3 542
UNTSO	11 148	11 527
Field offices		
Department of Safety and Security	20 149	17 816
Department of Political Affairs	1 382	1 186
Department of Economic and Social Affairs	3 833	3 141
Office for the Coordination of Humanitarian Affairs	32 528	20 095
Office for Disarmament Affairs	561	522
Office of the United Nations High Commissioner for Human Rights	11 104	7 493
United Nations Conference on Trade and Development	3 990	–
United Nations International Strategy for Disaster Reduction	195	–

Location	*2011*	*2009*
Other offices		
ICJ	2 542	1 506
INSTRAW	–	241
United Nations Information Centres	4 549	4 405
Total	**636 735**	**540 660**

The movement in non-expendable property during the biennium ended 31 December 2011 is summarized below:

(Thousands of United States dollars)

	2011	*2009*
Balance as at 1 January 2011 and 2009	540 660	447 897
Acquisitions	179 625	170 059
Less: write-offs — accidents, thefts and damages, etc.	(7 910)	(7 041)
Less: dispositions	(104 351)	(111 653)
Other adjustments	28 711[a]	41 398
Balance as at 31 December 2011 and 2009	**636 735**	**540 660**

[a] Includes primarily an upward adjustment of $21,718,000 at Headquarters mainly arising from reconciliations of existing records, and inclusion of $5,933,000 for UNCTAD and some field offices of the Office for the Coordination of Humanitarian Affairs for the first time.

Appendix

Central Emergency Response Fund

Loans receivable as at 31 December 2011

(Thousands of United States dollars)

Organization	*Country*	*Amount outstanding 1 January 2010*	*Amount advanced in 2010-2011*	*Amount reimbursed in 2010-2011*	*Amount outstanding 31 December 2011*
OCHA	Afghanistan	–	43	43	–
OCHA	Central African Republic	–	531	531	–
OCHA	Chad	351	70	421	–
OCHA	Colombia	674	968	1 642	–
OCHA	Democratic Republic of the Congo	–	223	223	–
OCHA	Egypt	–	306	306	–
OCHA	Ethiopia	–	721	721	–
OCHA	Fiji	–	213	213	–
OCHA	Indonesia	–	99	99	–
OCHA	Kazakhstan	–	244	244	–
OCHA	Kenya	–	356	356	–
OCHA	Niger	–	729	729	–
OCHA	Panama	–	812	812	–
OCHA	Philippines	–	388	388	–
OCHA	Somalia	216	642	858	–
OCHA	Sri Lanka	–	535	535	–
OCHA	Sudan	–	2 477	2 477	–
OCHA	West African region	736	–	736	–
OCHA	Zimbabwe	591	592	1 183	–
UNDP	Sudan	1 214	–	198	1 016
UNICEF	Somalia	–	5 000	5 000	–
UNOPS	Libya	–	1 600	–	1 600
WHO	Sudan	300	–	300[a]	–
WHO	Chad	100	–	100[a]	–
Total		**4 182**	**16 549**	**18 115**	**2 616**

Abbreviation: OCHA, Office for the Coordination of Humanitarian Affairs.

[a] Represents write-off of outstanding loan balance provided by the former Central Emergency Revolving Fund.